Fideicomiso Irrevocable Costa Rica por Siempre (A Costa Rican entity)

Financial Statements
As of September 30, 2019 and 2018

Together with the Independent Auditor's Report
Fideicomiso Irrevocable Costa Rica por Siempre  
(A Costa Rican Entity)  
Financial Statements  
As of September 30, 2019 and 2018

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INDEPENDENT AUDITOR’S REPORT

To the Executive Management of
Fideicomiso Irrevocable Costa Rica por Siempre

Opinion

We have audited the accompanying financial statements of Fideicomiso Irrevocable Costa Rica por Siempre (“the Trust”), which comprise the statement of financial position as of September 30, 2019 and the statements of comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Trust's financial position as of September 30, 2019, its financial performance and cash flows for the year then ended, in conformity with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with article 9 of the Public Accounting Regulation and Establishment of the Costa Rican Institute of Public Accountants' Law (Law 1038), with the Professional Code of Ethics of such Institute, and with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Matter of Emphasis

As described in note 3, Changes in Accounting Policies and Disclosures to the financial statements, the Trust adopted IFRS 9 Financial Instruments from October 1, 2018 and recognized retrospectively the effect from the adoption in accordance to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. This effect consisted in the reclassification to the current year and accumulated surpluses of the period and accrued amounts of fluctuations in fair values of available-for-sale financial assets. Under the previous standard, IAS 39 Financial Instruments: Recognition and Measurement, these fluctuations in fair values were included in the equity line named “Financial instruments valuation” (other comprehensive income) for subsequent recycling in period results. Consequently, the retrospective application of IFRS 9 implied the restatement of the Trust's financial statements for 2018, previously issued. Our opinion is not modified due to this matter.
To the Executive Management of  
Fideicomiso Irrevocable Costa Rica por Siempre  

Responsibilities of Management and Those Charged with Corporate Governance over the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with the Trust's Management are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibility Regarding the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with IASs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
To the Executive Management of
Fideicomiso Irrevocable Costa Rica por Siempre

- Evaluate overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trust’s Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that were identify during our audit.

November 26, 2019

Efrain Jiménez Barrantes – CPA 4311
Meridiano Building, Floor 2
Escazú, Costa Rica
Policy N° 0116 FIG 7
Stamp tax - Law No. 6663
Attached and paid in original form
### Fideicomiso Irrevocable Costa Rica por Siempre
**(A Costa Rican Entity)**

**Statements of Financial Position**

**As of September 30, 2019 and 2018 and as of October 1, 2017**

*(expressed in US dollars)*

See accompanying notes to the financial statements.
Fideicomiso Irrevocable Costa Rica por Siempre
(A Costa Rican Entity)
Statements of Financial Position
As of September 30, 2019 and 2018 and as of October 1, 2017
(expressed in US dollars)

See accompanying notes to the financial statements.
Fideicomiso Irrevocable Costa Rica por Siempre
(A Costa Rican Entity)
Statements of Comprehensive Income
For the years ended September 30, 2019 and 2018
(expressed in US dollars)

<table>
<thead>
<tr>
<th>Notes</th>
<th>2019</th>
<th></th>
<th>2018</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amortization Fund</td>
<td>Endowment Fund</td>
<td>Total</td>
<td>Amortization Fund</td>
</tr>
<tr>
<td></td>
<td>($880)</td>
<td>$ 923,232</td>
<td>$ 922,352</td>
<td>(Restated - Note 3)</td>
</tr>
<tr>
<td>INCOME</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gains (losses) on fair value measurement of financial assets</td>
<td>$ 133,501</td>
<td>$ 1,240,763</td>
<td>$ 1,374,264</td>
<td>$ 923,232</td>
</tr>
<tr>
<td>Interest on investments in financial assets</td>
<td>48,482</td>
<td>70,181</td>
<td>118,663</td>
<td>39,861</td>
</tr>
<tr>
<td>Total revenues</td>
<td>181,983</td>
<td>1,310,944</td>
<td>1,492,927</td>
<td>38,981</td>
</tr>
<tr>
<td>EXPENSES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative services</td>
<td>6</td>
<td>-</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Fees for brokerage services</td>
<td>7</td>
<td>6,130</td>
<td>93,470</td>
<td>99,600</td>
</tr>
<tr>
<td>Implementation of the Asociación Costa Rica por Siempre Program</td>
<td>8</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total expenses</td>
<td>6,130</td>
<td>593,470</td>
<td>599,600</td>
<td>7,514</td>
</tr>
<tr>
<td>Surplus of the year, net</td>
<td>175,853</td>
<td>717,474</td>
<td>893,327</td>
<td>31,467</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>$ 175,853</td>
<td>$ 717,474</td>
<td>$ 893,327</td>
<td>$ 31,467</td>
</tr>
</tbody>
</table>

See accompanying notes to the financial statements.
### Fideicomiso Irrevocable Costa Rica por Siempre  
(A Costa Rican Entity)  
### Statements of Changes in Equity  
### For the years ended September 30, 2019 and 2018  
### (expressed in US dollars)

See accompanying notes to the financial statements.
## Statements of Cash Flows

For the years ended September 30, 2019 and 2018

(expressed in US dollars)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus of the year, net</td>
<td>$893,327</td>
<td>$47,321</td>
</tr>
<tr>
<td>Adjustments to reconcile the net surplus for the year to net cash flows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>(118,663)</td>
<td>(99,154)</td>
</tr>
<tr>
<td></td>
<td><strong>774,664</strong></td>
<td><strong>(51,833)</strong></td>
</tr>
<tr>
<td>Changes in working capital:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>500,000</td>
<td>82,386</td>
</tr>
<tr>
<td>Interest received</td>
<td>118,663</td>
<td>99,154</td>
</tr>
<tr>
<td>Cash flows provided by operating activities</td>
<td><strong>1,393,327</strong></td>
<td><strong>129,707</strong></td>
</tr>
<tr>
<td><strong>Cash flows from investment activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net increase in financial instruments</td>
<td>(1,393,327)</td>
<td>(129,707)</td>
</tr>
<tr>
<td>Cash flows used in investing activities</td>
<td>(1,393,327)</td>
<td>(129,707)</td>
</tr>
<tr>
<td><strong>Net variation in cash</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash at beginning of year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash at year end</td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>

See accompanying notes to the financial statements.
1. Corporate information

Fideicomiso Irrevocable Costa Rica por Siempre (“the Trust”) was established on July 27, 2010 by the Linden Trust for Conservation (“Trustor”), an entity organized and existing under the laws of the United States of America; Asociación Conservación de la Naturaleza (TNC) (“Trustor”), an entity organized and existing under the laws of the Republic of Costa Rica and Asociación Costa Rica por Siempre (“Trustee” or “the Association”) in order to contribute to the financing of the terrestrial and marine protected areas system of Costa Rica. As established in the Execution and Monitoring Plan, the purpose is for Costa Rica to achieve the goals set forth by the Programme of Work on Protected Areas (“PoWPA”) under the United Nations Convention on Biological Diversity through the consolidation of a system of terrestrial, marine, and freshwater protected areas that is ecologically representative, resilient to global climate change, efficiently managed, and financially over the long term. The domicile of the Trust is in San José, Sabana Norte, Torre Sabana Building, 5th floor.

The trust funds include contributions from the founders of the trust (Trustors) and other trustors and interests or returns generated from the aforementioned funds. The trust funds are held in custody and managed by the Trustee, Asociación Costa Rica por Siempre, and may not be used for purposes other than that set forth in the Trust.

The Trustee must allocate the trust funds, separately and independently, to an Endowment Fund, which provides funding to defray the recurring expenses of the protected areas, and to an Amortization Fund, which provides funding to defray the initial expenses of the project.

The Trust’s financial statements as of September 30, 2019 were approved by Management on October 18, 2019.

2. Basis for preparation of financial statements

2.1 Statement of compliance

The Trust’s financial statements as of September 30, 2019 and 2018 were prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board.

2.2 Basis of valuation and presentation currency

The Trust’s financial statements as of September 30, 2019 and 2018 were prepared on a historical cost basis, except for some financial assets measured at fair value with changes in results, which are measured at fair value as described in note 4. The functional and presentation currency of the financial statements is the US dollar ($ or US$).

3. Changes in accounting policies and disclosures

The accounting policies adopted by the Trust to prepare its financial statements as of September 30, 2019 are consistent with those that were used to prepare the financial statements as of September 30, 2018, except for the adoption of IFRS 9 Financial Instruments as described as follows:
IFRS 9 Financial Instruments

IFRS 9 - Financial Instruments replaces IAS 39 - Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after January 1, 2018. The standard meets the three fundamental aspects of financial instrument accounting: (a) classification and measurement, (b) impairment, and (c) hedge accounting.

The following aspects were considered by the Trust in adopting IFRS 9:

Classification and Measurement

IFRS 9 introduces a new classification model for financial assets. In regard to financial liabilities, all requirements of IAS 39 have been transferred to IFRS 9, including the criteria for the option of fair value and the requirements related to the separation of embedded derivatives of hybrid contracts. The only change introduced by IFRS 9 in terms of financial liabilities is related to the liabilities designated at fair value through profit or loss using fair value. The portion of changes in the fair value of such financial liabilities attributed to changes in the entity's credit risk occurs in the other comprehensive income, instead of the income statement, unless this action introduces an accounting inconsistency. In this case, the full change in the fair value is in the results of the year.

As stated in the previous paragraph, this standard introduces some principles to classify financial assets through the following measurement categories:

- Debt instruments at amortized cost.
- Debt instruments at fair value with changes in other comprehensive income and accumulated gains and losses recycled in the results when derecognized.
- Debt instruments, derivatives and equity instruments at fair value through profit or loss.
- Equity instruments at fair value with changes in other comprehensive income without recycling derecognized gains and losses.

The classification of financial assets depends on the characteristics of the contractual cash flows for such assets and the entity’s business model for their management.

Until September 30, 2018 and in accordance with IAS 39 Financial Instruments: Recognition and Measurement, the Trust classified a significant portion of available-for-sale investments, represented by investments in bonds, stocks and alternative instruments through foreign financial entities. The Trust subsequently measured these investments at fair value and fluctuations in such values were recognized in the equity line “Financial instruments valuation ” (other comprehensive income) for subsequent recycling in period results. Due to their nature, cash flows generated by these investments derived from changes in their fair values and also the business model defined by the Trust to manage them is to keep them for negotiation. This implied that, in accordance with IFRS 9, these investments continued to be measured subsequently at fair value, but the effect of fluctuations in fair values should be recognized directly in the period results.
The Trust then retrospectively applied the effect of the change in classification of its financial instruments described in the preceding paragraph to the date of initial application, October 1, 2018, and adjusted the comparative information to October 1, 2017, as described below:

In the statement of financial position as of September 30, 2018 and October 1, 2017:

<table>
<thead>
<tr>
<th>Fund</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization Fund</td>
<td>$385,718</td>
<td>$386,598</td>
</tr>
<tr>
<td>Endowment Fund</td>
<td>$7,732,739</td>
<td>$6,809,507</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,118,457</strong></td>
<td><strong>$7,196,105</strong></td>
</tr>
</tbody>
</table>

In the statement of comprehensive income for the year ended September 30, 2018:

<table>
<thead>
<tr>
<th>Fund</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization Fund</td>
<td>$(880)</td>
</tr>
<tr>
<td>Endowment Fund</td>
<td>923,232</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>922,352</strong></td>
</tr>
</tbody>
</table>

*Impairment of financial assets*

The new impairment requirements of IFRS 9 are based on the model of expected credit losses. This model is applied to the debt instruments (measured at amortized cost or at fair value through profit or loss), the leases receivable, trade receivables, contractual assets (per IFRS 15) and financial guarantee agreements and contracts not measured at fair value with changes through profit or loss.

By applying the impairment requirements of IFRS 9, the entity requires one of the following approaches:

- General approach, that will be applied to most loans and debt securities.
- Simplified approach that will be applied to most of the trade accounts receivable.
- Approach with credit impairment caused or purchased.

Considering the low level of investment risk maintained by the Trust, per F1 and F3 investment ratings for Fitch Ratings, no relevant implications have been determined as a result of the adopting IFRS 9.

*Hedge accounting*

The objective of IFRS 9 is to reflect the effect of the entity's risk management activities on the financial statements, resulting in more risk management strategies that qualify for hedge accounting and provide a better link between the strategy of the entity's risk management, the reasons for the hedges and the impact of the hedges in the financial statements.
The main changes derived from implementing IFRS 9 are the following:

- The coverage effectiveness test is only prospective and may be qualitative depending on the coverage complexity.

- IFRS 9 allows the risk components of non-financial items to be designated as the hedged item, provided that the risk component is separately identifiable and reliably measurable.

- IFRS 9 introduces the concept of hedging costs. The time value of an option, the term element of a term contract and any margin of foreign currency may exclude from the designation of a financial instrument as a hedging instrument and be accounted for as hedging costs.

IFRS 9 introduces more extensive disclosure requirements that are intended to provide more relevant information.

The Trust does not use hedging instruments, so this area of the standard has not impacted its financial statements.

**Other standards, interpretations and amendments**

In addition to IFRS 9, the Trust first applied in 2019 certain standards, interpretations and amendments summarized below. These standards, interpretations and amendments did not have a relevant impact on the financial statements as of September 30, 2019.

<table>
<thead>
<tr>
<th>Standard, interpretation or amendment</th>
<th>Date of entry into force:</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFRS 15 Revenue from Contracts with Customers</td>
<td>Complete or modified retrospective application is required for annual periods beginning on January 1, 2018; early adoption is allowed.</td>
</tr>
<tr>
<td>IFRIC 22 Foreign Currency Transactions and Advance Consideration</td>
<td>Effective for annual periods beginning on or after January 01, 2018, with early application allowed.</td>
</tr>
<tr>
<td>Amendments to IFRS 2 - Classification and Measurement of Share-based Payment Transactions</td>
<td>Effective for annual periods beginning on or after January 01, 2018, with early application allowed.</td>
</tr>
<tr>
<td>Amendments to IAS 40 - Investment Property Transfers</td>
<td>Effective for annual periods beginning on or after January 01, 2018, with early application allowed.</td>
</tr>
</tbody>
</table>
4. Summary of the main accounting policies

4.1 Currency and foreign currency transactions

4.1.1 Functional and presentation currency of financial statements
The legal currency of Costa Rica is the Costa Rican colon (¢). However, the Trust adopted the United States dollar ($ or US$) as the functional and presentation currency of its financial statements, since it is best aligned with its closest economic environment.

The adoption of the US dollar as a functional currency was based on the fact that investments in financial assets are denominated in US dollars and the cash flows from their regular operating activities are usually maintained in US dollars for later use in that currency.

4.1.2 Foreign currency transactions
Transactions in foreign currency, any currency other than the functional currency, are recorded at the exchange rate ruling on the transaction date.

In determining its financial situation and operating results, the Trust appraises and adjusts its assets and liabilities denominated in foreign currency at the exchange rate ruling on the date of this valuation and determination. Exchange differences that may result from the application of these procedures are recognized in the results of the year in which they occur.

4.2 Financial Instruments
A financial instrument is any contract that recognizes a financial asset at one entity and a financial liability or equity instrument at another entity.

The valuation of the Trust's financial instruments is determined using the fair value or amortized cost, as defined below:
Fair value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an organized transaction between market participants on the transaction date. The fair value is based on the assumption that the transaction to sell the asset or transfer the liability takes place:

- In the main market of the asset or liability, or
- In the absence of a main market, in the most advantageous market for the transaction of these assets or liabilities.

The main market or the most advantageous should be one that is accessible for the Trust.

The fair value of an asset or liability is calculated using the hypothesis that the market participants would use when they make an offer for this asset or liability, assuming those participants act in their own economic benefit.

The Trust uses valuation techniques that are appropriate under the circumstances and with enough information available to calculate fair value, maximizing the use of observable relevant variables and minimizing the use of non-observable variables.

All of the assets and liabilities for which fair value calculations or itemizations are made in the financial statements are categorized in the following fair value hierarchy, based on the lowest variable that is significant for the fair value calculation as a whole:

- Level 1 - Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level variable used that is significant to the calculation is direct or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level variable used that is significant to the calculation, is not observable.

For assets and liabilities that are recurrently recorded at fair value in the financial statements, the Trust determines whether moves between hierarchical levels have taken place through a review of the categorization (based on the lowest level variable that is significant to the fair value calculation as a whole) at the end of each year.

At amortized cost
The amortized cost is calculated using the effective interest method less any allowance for impairment. The calculation takes into consideration any award or discount in the acquisition and includes the transaction costs and fees which are an integral part of the effective interest rate.

4.2.1 Offsetting of financial instruments
Financial assets and financial liabilities are offset, and the net amount is recognized in the statement of financial position if there is a current, enforceable and legal right to offset the recognized amounts, and there is the intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.
4.3 Financial assets

4.3.1 Initial recognition and measurement
In their initial recognition, financial assets are classified as assets subsequently measured at amortized cost, at fair value with changes in other comprehensive income (“OCI”) or at fair value with changes in results.

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows and the Trust's business model for their management. Except for accounts receivable with no significant financing component or for which the Trust has applied the practical resource, the Trust initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset not measured at fair value with changes in results. Accounts receivable with no significant financing component or for which the Trust has applied the practical resource are measured at the transaction price as described later in this note.

A financial asset should generate cash flows corresponding only to payment of principal and interest (“SPPI”) over the principal pending to be classified and measured at amortized cost or fair value in other comprehensive income. This evaluation is called SPPI test and is performed at instruments level. Financial assets that generate cash flows other than SPPI are classified and measured at fair value through profit or loss, regardless of the business model.

An entity's business model for managing financial assets refers to the way in which it manages its financial assets to generate cash flows. The business model determines whether the cash flows will be obtained from the collection of contractual cash flows, from the sale of the financial assets or both. Financial assets classified and measured at amortized cost correspond to a business model whose objective is to maintain financial assets to recover contractual cash flows, while financial assets classified and measured at fair value with changes in OCI correspond to a business model whose objectives are the recovery of contractual cash flows and the negotiation of instruments.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Trust commits to purchase or sell the asset.

4.3.2 Subsequent measurement
For subsequent measurements, the financial assets are classified in four categories:

- Financial assets recorded at amortized cost (debt instruments).
- Financial assets at fair value with changes in other comprehensive income with recycling profits and accrued (debt instruments).
- Financial assets designated at fair value with changes in other comprehensive income without recycling profits and accrued (debt instruments) on their disposal (equity instruments).
- Financial assets at fair value with changes in profit or loss.

Financial assets measured at fair value through profit or loss represent the relevant category for the Trust.

Financial assets at fair value through profit or loss
Trust's financial assets at fair value through profit or loss are represented by investments in foreign financial institutions, consisting of bonds, shares and alternative instruments, on which the business model defined by the Trust is to hold the instruments for negotiation.
Financial assets at fair value through profit or loss are recorded in the statement of financial at fair value and net changes at fair value are recognized in the income statement.

4.3.3 Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Trust’s statement of financial position) when:

- The rights to receive asset’s cash flows have expired, or
- The Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Trust has transferred substantially all the risks and rewards of the asset, or (b) the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Trust has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Trust continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Trust also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Trust has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Trust could be required to repay.

4.3.4 Impairment of financial assets
The Trust recognizes an estimate for expected credit losses for all debt instruments measured at amortized cost. The expected credit losses are based on the difference between the contractual cash flows owed in accordance with the contract and all the flows that the Trust expects to receive, discounted at an approximation of the original effective interest rate. Expected cash flows will include the flows of the sale of collateral maintained or other improvements to the credit conditions that are integral to the contractual conditions.

For debt instruments, the estimate of expected credit losses is based on the term of the asset. The analysis of such losses is carried out by the Trust at the end of each reporting period, considering whether the risk of deterioration has increased significantly since the initial recognition. The Trust uses a simplified method to calculate the expected credit losses in accounts receivable. Therefore, the Trust does not follow up on the changes in credit risk, but instead recognizes an adjustment based on the experience of expected credit losses as of the date of its financial statements.

4.3.5 Finance income
Revenue arising from financial instruments is recognized in relation to the passage of time, calculated over the average monthly balances for the invested principal, applying the effective interest method. Interest income is included within financial income in the comprehensive income statement.

4.4 Recognition of costs and expenses
Costs and expenses are recognized in the comprehensive income statement in the year when they are incurred.
4.5 **Income tax**

Based on the non-profit nature of the Trust, it is not subject to pay income tax per Costa Rican tax laws.

4.6 **Significant accounting judgments, estimates and assumptions**

Preparation of the Trust's financial statements requires to conduct judgments, estimates and assumptions affecting the reported figures of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities as of the reporting date. Due to the implicit uncertainty of these estimates and assumptions, there may be adjustments to the figures having relative importance and affecting the disclosed figures of assets and liabilities in the future.

4.7 **Standards issued that have not yet entered into effect**

Standards, interpretations and amendments issued but that have not entered into effect as of September 30, 2019, are described below. The Trust expects to adopt these standards and interpretations, as long as they apply to its activity, when they enter into effect. It is expected that the new standards or amendments will not have a material effect on the Trust's financial position, performance and/or disclosures.

<table>
<thead>
<tr>
<th>Standard, interpretation or amendment</th>
<th>Entry into force</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFRS 16 <em>Leases</em></td>
<td>Effective for annual periods beginning on or after January 1, 2019. Early adoption is allowed, but not before an entity applies IFRS 15.</td>
</tr>
<tr>
<td>IFRIC 23 <em>Uncertainty Over Income Tax Treatments</em></td>
<td>Effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted.</td>
</tr>
<tr>
<td>Amendments to IFRS 9: Prepayment Features with Negative Compensation</td>
<td>Effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted.</td>
</tr>
<tr>
<td>Amendments to IAS 19: Amendments to the plan, reduction or liquidation</td>
<td>Effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted.</td>
</tr>
<tr>
<td>Amendments to IAS 28: Long-term interest in associates and joint ventures</td>
<td>Effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted.</td>
</tr>
</tbody>
</table>
| Annual Improvements 2015-2017 Cycle (issued in December 2017) | The improvements are related to: 
- IFRS 3 *Business Combinations* 
- IFRS 11 *Joint Arrangements* 
- IAS 12 *Income tax* 
- IAS 13 *Borrowing Costs* 
Effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted. |
| Amendments to IFRS 3: Definition of a business | Effective for annual periods beginning on or after January 1, 2020. Early adoption is permitted. |
| Amendments to IAS 1 and IAS 8: Definition of materiality | Effective for annual periods beginning on or after January 1, 2020. Early adoption is permitted. |
| Amendments to the conceptual framework | Effective for annual periods beginning on or after January 1, 2020. Early adoption is permitted. |
| IFRS 17 *Insurance Contracts* | Effective for annual periods beginning on or after January 1, 2021. Early adoption is permitted. |
5. Investments in financial assets

5.1. Classifications of investments in financial assets according to their nature

<table>
<thead>
<tr>
<th>Financial assets at fair value through profit or loss:</th>
<th>Amortization Fund</th>
<th>Endowment Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments in foreign financial institutions - US Dollars</td>
<td>$3,391,180</td>
<td>$25,326,494</td>
<td>$28,717,674</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial assets at fair value through profit or loss:</th>
<th>Amortization Fund</th>
<th>Endowment Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments in foreign financial institutions - US Dollars</td>
<td>$3,215,327</td>
<td>$24,109,020</td>
<td>$27,324,347</td>
</tr>
</tbody>
</table>

5.2. Characteristics of the Trust’s financial assets

The total Trust's investments are made through the international entity JP Morgan. These investments are comprised of bonds, shares and alternative instruments and are denominated in US dollars. The interest yields accrued by a portion of these investments in 2019 was an average of 5% (2018: 4%). The remaining yields of these investments are derived from fluctuations in the fair values of the investment portfolio.

5.3. Fair value hierarchy

All assets measured at fair value or which the Trust discloses at fair value are classified within the fair value hierarchy described in note 4.2. The nature of the fair value estimates is subjective and involves uncertain aspects and Management’s judgment, therefore these amounts are not determined with absolute precision. Consequently, should there be changes in the assumptions on which the estimates are based, these could differ from final results.

A comparison by class of financial assets between carrying amounts and fair values as of September 30, 2019 and 2018 is as follows:

<table>
<thead>
<tr>
<th>Hierarchy</th>
<th>Carrying amount</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>At fair value through profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level 2</td>
<td>$28,717,674</td>
<td>$28,717,674</td>
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<tr>
<td>Level 2</td>
<td>$27,324,347</td>
<td>$27,324,347</td>
</tr>
</tbody>
</table>
6. Expenses for management services

The Trust makes payments to the Asociación Costa Rica por Siempre for the concept of “budget support”. The amount to be paid is determined in accordance with the “Irrevocable Trust Fund Management Contract” between Linden Trust for Conservation and the Asociación Costa Rica por Siempre, according to the twentieth clause “Fiduciary fees”. The expense for this concept incurred by the Trust was US$500,000 and US$582,385 in 2019 and 2018, respectively. As of September 30, 2018, the Trust had already paid to the Asociación US$500,000 for the support services in 2018.

7. Fees for brokerage services

The Trust incurred fees with JP Morgan for fund management services of US$99,600 and US$91,800 in 2019 and 2018, respectively.

8. Implementation of the Asociación Costa Rica por Siempre Program

The costs for implementation of the Asociación Costa Rica por Siempre Program were US$300,000 in 2018. These expenses corresponded to transfers of resources from the Trust to the Association for the execution of the Costa Rica por Siempre Program.

9. Objectives and policies for managing financial risks

The Trust's financial instruments are made up of investments in securities. The main purpose of these financial instruments is to provide financing for the Trust's operations.

The main risks that could have a relatively significant effect on the financial instruments are market risk, liquidity risk and credit risk.

The Trust reviews and agrees on policies to handle these risks, as summarized below:

9.1. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate because of variations in market prices. Market risk comprises four types of risk: interest rate risk, foreign exchange risk, raw materials price risk and other price risks, such as share price risk.

The main market risk that may affect the Trust's financial instruments is the interest rate risk taking into consideration fluctuations in interest rates and prices of investments in securities. The Trust does not consider there is a risk of currency exchange for having its assets and liabilities substantially denominated in US dollars. It is not considered that other price risks exist.

Interest rate risk

The Trust's income and operating cash flows depend substantially on changes in interest rates. Important drops in interest rates could limit the Trust's capacity to carry out its activities.

The Investment Committee periodically reviews market trends to identify opportunities for investment or risks of drops in rates that would imply adjustments to the Trust's budget.
Sensitivity analysis:
The Trust has conducted a sensitivity analysis over potential variations in interest rates. The effect of a reasonable variation in interest rates of +/- 25 base points in 2019 would be US$71,794, increasing or decreasing the financial revenues (2018: +/- 25 base points and US$68,149).

9.2. Liquidity risk
Liquidity risk is the risk that an entity may have difficulty meeting the obligations associated with financial liabilities that are settled with cash or another financial asset. The Trust's approach to manage liquidity is to ensure, as much as possible, that it will always have sufficient liquidity to fulfill its obligations when they are due, under normal conditions and tense situations, without incurring in unacceptable losses or jeopardizing the Trust's reputation.

The Trust uses different financial projections that allow to handle its operational cash flows, ensuring the sufficient cash to cover its operating needs. Currently, the Trust does not have any financial obligations, so its liquidity risk is low.

9.3. Credit risk
Credit risk is the risk that one of the counterparts does not comply with its obligations derived from a financial instrument or purchase contract, and this translates into a financial loss. The Trust believes that its credit risk is low since its investments in securities are maintained in first quality foreign entities.

The maximum credit risk exposure is represented by the balance of each financial asset as shown on the statement of financial position.

10. Equity management
The main management objective of the Trust's equity is to preserve and increase the resources destined to conservation programs and to generate enough resources to meet the goals.

The Trust manages its capital structure and assesses any necessary adjustments considering the economic conditions.