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The first year of Legacy Landscapes Fund (LLF) has been a very dynamic and busy one—and it was also extremely inspiring, exciting and successful. New partners and donors joined LLF, the fund started its operational work, created an Advisory Committee as well as other governance structures, and established a core operational team. In short: LLF is speedily building up and continuing to evolve further on a solid path. Here, I want to extend a big "thank you" to the Executive Director and the Management Board for their tireless and committed efforts in developing LLF. While the initial twelve months were a crucial starting period, another important year with many substantial events for global biodiversity lies ahead of us in 2022.

Looking back, the biggest and most exhilarating news was the admission of our first five sites: in October, the Supervisory Board approved funding for protected areas in Zambia (North Luangwa) and Bolivia (Madidi). Later in the year, funding to three more “Legacy Landscapes” was added: Odzala-Kokoua in the Republic of Congo, Gonarezhou in Zimbabwe, and Gunung Leuser in Indonesia. Two more sites are likely to follow within the first months of 2022, thus completing the pilot phase of LLF. Another key step and move into the next phase of LLF’s work has also been taken: the fund published its first open call for proposals in early 2022, so applications are welcome! The first operational year of LLF clearly demonstrates: this foundation has quickly developed into a functional mechanism for meaningful and long-term conservation financing in developing countries.

Another piece of good news was that LLF has successfully acquired more funding. By the end of 2021, hence in less than a year, it attracted contributions of about EUR 220 million. Furthermore, it is constantly engaged in talks with various private and public donors in order to broaden our coalition before the CBD COP 15 in Kunming this year. This is an ongoing process that takes place on many levels and will continue in the future as LLF is an international initiative of different partners.

An important stepping stone in getting the word out about this new financing instrument was the official launch in May. A long list of high-ranking and prominent international personalities took part in the digital event, among them the US Special Presidential Envoy for Climate, John Kerry, the British actor Idris Elba, the Executive Secretaries of the UN Conventions for Biodiversity and Climate, Elisabeth Maruma Mrema and Patricia Espinosa as well as the former German Development Minister Gerd Müller.

Due to the ongoing pandemic, large get-togethers of the conservation scene have been scarce during 2021. All the more helpful and constructive was the IUCN World Conser-
vation Congress that took place in the beginning of September in Marseille. On this occasion LLF was presented prominently and held talks with existing and potential donors and partners. A little later in the year, in November, LLF was also represented at the Climate Summit in Glasgow and will certainly take on a prominent role in the upcoming UN conference on biodiversity, the CBD COP 15.

I am also pleased to state that LLF established an Advisory Committee in fall, bringing together international experts from science and the conservation community, thus giving these two crucial groups a voice in LLF. As the fund’s mission and philosophy are to follow an integrative approach and to cooperate with different actors and stakeholders on all levels, such an expert group is a logic part of its organizational build-up.

To conclude, I would like to thank all public and private supporters from different organizations and world regions who have accompanied the fund during this crucial inception phase. Even if LLF is rooted in a German initiative, it is an international endeavour and represents a joint global aspiration. Hence, continued and new support by committed partners is highly welcome. This is as true for the future as for the past. Therefore, I count on your continued dedication and support to the cause of preserving biodiversity in general and to LLF in particular – because it offers a unique opportunity to make a difference for the natural environment we all depend on.

“LLF offers a unique opportunity to make a difference for the natural environment we all depend on.”

Birgit Pickel
Chair of the Supervisory Board
2021

THE YEAR
IN REVIEW
A NEW FOUNDATION IS LAUNCHED
A large part of the world’s globally significant biodiversity is found in just a small number of places. These areas are outstanding in terms of biodiversity and are most often under some form of protection. Protected areas are commonly regarded as the most effective way to safeguard these biodiversity havens. But they must be well managed and respect the needs and rights of indigenous and local communities. In the Convention on Biological Diversity (CBD), the international community agreed to protect 17% of the earth’s terrestrial surface by 2020. This goal was not reached. Considering the importance of biodiversity and the growing challenges facing conservation, particularly due to climate change, scientists recommend an even higher level of protection or sustainable management: at least 30% of the globe’s terrestrial surface by 2030.

But habitat integrity and biodiversity are under more pressure than ever. According to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), the rate of species extinction has reached a dangerous and unprecedented level; it is at least 10 to 100 times higher than average compared to the past ten million years. In fact, one million species are threatened with extinction, with grave consequences for people around the world.

The loss of biological diversity has become an urgent global threat that endangers the future of humanity and all life on earth. When nature is intact, it provides free and vital services such as clean air, fresh water, and fertile soil. These services form the basis of most people’s livelihoods and are directly correlated with human wellbeing, both locally and globally.

But the global conservation situation remains tense and enormous threats to world biodiversity prevail. In 2021, the world experienced a series of climate-change related disasters, including fatal flooding in Western Europe, landslides caused by extreme rainfall in Indonesia, unprecedented

**BACKGROUND**

We are currently experiencing three massive global crises that are all connected to one another: climate change, loss of biodiversity and the COVID-19 pandemic.

**Loss of biodiversity**

→ 10 million ha of forest are lost every year, one million species are threatened with extinction and about 150 species of plants and animals disappear every day

→ Habitat loss and degradation are the main drivers for biodiversity decline

**Conservation**

→ 30% of the Earth’s surface would need to be placed under some form of protection – with the active involvement of local communities

→ Effectively managed conservation areas are seen as the most important instrument for preserving biodiversity and contribute to climate adaptation and mitigation and to reducing the risk of zoonoses

**Funding Gap**

→ Financial constraints are the principal obstacle to conserving a significant share of biodiversity

→ Funding is often short-term, project-based or inadequate

→ Estimated annual biodiversity financing gap at average: USD 711 billion*

→ Current global annual funding for protected areas:

* The Paulson Institute, The Nature Conservancy, and the Cornell Atkinson Center for Sustainability (2020)
heatwaves in Russia, destructive wildfires across the Mediterranean and US, and freezing temperatures in South Korea, Spain and Texas. The COVID-19 pandemic endures as new variants spread, making income generation through tourism extremely challenging for protected areas.

Protecting nature also tackles the climate crisis. Terrestrial ecosystems, such as forests and peatlands, store significant amounts of carbon, thereby mitigating the effects of climate change. Preserving nature also reduces the risk that new zoonotic diseases, such as COVID-19 and Ebola, will emerge. Effectively managed conservation areas are the cornerstone of nature protection. Unfortunately, many conservations are still not sufficiently funded. This results in so-called “paper parks” and parks struggling to fulfill their primary function: conserving nature for future generations.

Throughout 2021, several global meetings demonstrated starkly the relevance of the Legacy Landscapes Fund (LLF). The inextricability of biodiversity and climate change was a foremost talking point at COP26 in Glasgow. At the IUCN World Conservation Congress in Marseille, the value of sustainable protected areas, including buffer zones and active cooperation with local people, was recognized as a key priority.

This is where LLF comes in. Our strategy is simple. We cover annual baseline costs by awarding protected areas – or legacy landscapes, as we call them – one million USD each per year for 15 years. This keeps the lights on and ensures that conservation areas function effectively.

The History of LLF

Despite this document being LLF’s first annual report, the organization already has quite a history. The original idea for LLF was discussed and developed by a wide array of non-governmental organizations, conservation experts, international conservation organizations, German authorities (BMZ and KfW), and philanthropic donors from Europe and the US in the two years prior to the foundation of LLF. KfW was mandated by the German government to prepare all legal and technical documents in order for LLF to be officially registered in December 2020.

With 2021 marking the initial setup of the new organization, operational work has been important. The Executive Director position was filled at April 1st, with a small core team moving LLF forward in 2021 and expanding by two additional positions in early 2022. The team was responsible for most operational tasks with the support of the Nature Trust Alliance in Frankfurt and key colleagues from KfW.

LLF’s Vision – A New Dimension in Nature Protection

LLF is a grantmaking institution focused on the world’s most important protected areas and their buffer zones, collectively known as legacy landscapes. LLF’s ambition

HISTORY & TIMELINE

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<thead>
<tr>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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<tr>
<td>Discussions with BMZ</td>
<td>Sounding Board</td>
<td>Project Preparatory Team</td>
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<tr>
<td>2021</td>
<td>Q 01</td>
<td>Q 02</td>
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<tr>
<td>Pilot site concept notes</td>
<td>Matching agreement drafts</td>
<td>ESDD processes</td>
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<tr>
<td>Apr-01</td>
<td>Start of Executive Director</td>
<td>May-19</td>
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is to support at least 30 legacy landscapes with long-term funding of one million USD per year. LLF aims to meet this target by 2030.

A large portion of globally important biodiversity is found in a relatively small number of places. By effectively protecting and managing these outstanding legacy landscapes while respecting the human rights and needs of local communities, we can conserve a significant share of the earth’s precious biodiversity.

LLF believes that its strength will be its ability to source significant long-term grant funding for legacy landscapes by blending public and private donor funds. Grant funding of one million USD per year will be given in the form of either:

- **A perpetual grant**, a permanent grant guaranteed at the outset.

- **A sustaining grant**, an initial long-term grant of 15 years that is intended to be complemented by further long-term funding sources for the post-grant period that are developed during the grant term.
LLF’S KEY VALUE PROPOSITIONS

1. Long-term, flexible core financing for at least 30 landscapes relevant for global biodiversity and climate change
2. Conservation that contributes to climate change mitigation and adaptation by improved ecosystem services
3. Sustainable conservation through systematic application of internationally recognized environmental, social and human rights standards
4. Nature conservation for community well-being and sustainable livelihoods
5. Leverage different sources of funding with the aim of perpetuity
6. Lean, charitable international foundation with a public-private approach in both funding and implementation
7. Platform for global learning, innovation, and conservation solutions
ORGANISATIONAL SET-UP

CHARITABLE FOUNDATION

Supervisory Board

+ 6 potential other members

Management Board

Advisory Committee

Investment Committee

Grants Committee

DONORS

Public Donors such as BMZ, AFD

Private Donors such as Arcadia Fund, G & B Moore Foundation, Wyss Foundation, R & M Walton Foundation

Corporate Donors

PARTNERSHIPS


together with Governments/PA Authorities/Local Communities

LEGACY LANDSCAPE PARTNERSHIPS

Long-term financing of effective Management of selected protected areas

Goal: 30 LEGACY LANDSCAPES

#30
2 AN OVERVIEW OF LLF’S GRANT PROGRAM
2.1 BUILDING OUR PROGRAM PORTFOLIO

We proudly launched our support program for four legacy landscapes in 2021 and have completed preparations for supporting two more in 2022. With one million USD provided per site, support through the program for our legacy landscapes portfolio amounted to four million USD in our first year of operation and will amount to at least seven million USD in 2022.

Each of these first seven pilot grants is a 15-year grant, so a total of 105 million USD has been committed, of which 70 million USD comes from LLF and 35 million USD from our partner funders. Below is a summary of our grant program as of early 2022.

During the proposal stage, comprehensive environmental and social due diligence studies were conducted for all seven pilot legacy landscapes, resulting in the formulation of binding Environmental and Social Action Plans (ESAPs) for LLF’s grants.

Joint grant agreements for six pilot legacy landscapes have been signed and one is currently in negotiation.

Legacy Landscapes – Overview March 2022

<table>
<thead>
<tr>
<th>Legacy Landscape</th>
<th>Country</th>
<th>Size (km²)</th>
<th>Implementing Grantee</th>
<th>Partner Funder</th>
<th>Grant ($)</th>
<th>Duration (years)</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>Madidi</td>
<td>Bolivia</td>
<td>18,958</td>
<td>Wildlife Conservation Society</td>
<td>Gordon &amp; Betty Moore Foundation</td>
<td>15 million</td>
<td>15</td>
<td>Approved</td>
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<tr>
<td>North Luangwa</td>
<td>Zambia</td>
<td>4,653</td>
<td>Frankfurt Zoological Society</td>
<td>Wyss Foundation</td>
<td>15 million</td>
<td>15</td>
<td>Approved</td>
</tr>
<tr>
<td>Odzala-Kokoua</td>
<td>Republic of Congo</td>
<td>13,487</td>
<td>African Parks Network</td>
<td>Rob &amp; Melani Walton Foundation</td>
<td>15 million</td>
<td>15</td>
<td>Approved</td>
</tr>
<tr>
<td>Iona</td>
<td>Angola</td>
<td>15,150</td>
<td>African Parks Network</td>
<td>Rob &amp; Melani Walton Foundation</td>
<td>15 million</td>
<td>15</td>
<td>In preparation</td>
</tr>
<tr>
<td>Gunung Leuser</td>
<td>Indonesia</td>
<td>11,525</td>
<td>Wildlife Conservation Society</td>
<td>Arcadia Fund</td>
<td>15 million</td>
<td>15</td>
<td>Approved (funding starts 2022)</td>
</tr>
<tr>
<td>Gonarezhou</td>
<td>Zimbabwe</td>
<td>5,053</td>
<td>Frankfurt Zoological Society</td>
<td>Wyss Foundation</td>
<td>15 million</td>
<td>15</td>
<td>Approved</td>
</tr>
<tr>
<td>Central Cardamom Mountains</td>
<td>Cambodia</td>
<td>4,019</td>
<td>Conservation International</td>
<td>Corporate donor (tbc)</td>
<td>15 million</td>
<td>15</td>
<td>In preparation</td>
</tr>
</tbody>
</table>
At the end of 2021, LLF’s grant portfolio consisted of several pilot sites that ranged across some of the world’s most biologically diverse regions in Bolivia, Zimbabwe, the Republic of Congo, Zambia and Indonesia.

All pilot grants seek to finance long-term partnerships between experienced NGOs and protected area authorities, as well as indigenous and local communities, to support efficient conservation and management of these protected areas and their buffer zones, while respecting human rights and ensuring that local communities benefit. Below, we share some stories and voices from the field.

**Madidi**
*Legacy Landscape*
*Bolivia*

**Size**
18,958 km²

**Implementing Grantee**
Wildlife Conservation Society
Odzala-Kokoua Legacy Landscape
Republic of the Congo
- Size: 13,487 km²
- Implementing Grantee: African Parks Network

Iona Legacy Landscape
Angola
- Size: 15,150 km²
- Implementing Grantee: African Parks Network

Gonarezhou Legacy Landscape
Zimbabwe
- Size: 5,053 km²
- Implementing Grantee: Frankfurt Zoological Society

North Luangwa Legacy Landscape
Zambia
- Size: 4,653 km²
- Implementing Grantee: Conservation International

Central Cardamom Mountains Legacy Landscape
Cambodia
- Size: 4,019 km²
- Implementing Grantee: Frankfurt Zoological Society

Gunung Leuser Legacy Landscape
Indonesia
- Size: 11,525 km²
- Implementing Grantee: Wildlife Conservation Society
MADIDI
LEGACY LANDSCAPE

Where the Andes and the Amazon Meet

Wildlife Conservation Society (WCS)
The protected area of Madidi not only secures regionally and globally relevant ecosystem services but is home to more than 30 indigenous communities and overlaps with four legally recognized indigenous lands of critical cultural and ecological importance.

Leco, Tacana, Araona, Esse Ejja, Tsimane and Mosetene indigenous peoples inhabit the lowlands, while Quechua and Aymara inhabit the highlands. Communities have traditionally been strong wardens of the ecosystems around Madidi and the proposed support program showcases how integrated and rights-based conservation approaches lead to long-standing benefits for nature and people. The LLF-supported conservation program focuses on strengthening the links between protected areas and land management units of local communities, indigenous territories, and neighbouring municipalities. The priorities of the protected area are incorporated into regional development plans while also meeting the livelihood needs and aspirations of local communities that have supported conservation efforts over the last quarter of a century.

A Success Story from Madidi

Between September and November 2021, the vicuña herding, capturing and shearing season took place in the Apolobamba National Integrated Management Natural Area (ANMIN), part of the Madidi landscape. In the 1960s, the vicuña was on the brink of extinction worldwide due to poaching and habitat fragmentation caused by the expansion of cattle ranches, industry, urban centers, and mining. However, thanks to the establishment of protected areas and CITES legislation to curb illegal trafficking, the population has increased once more, allowing the establishment of a conservation program and legal shearing of the species.
ODZALA-KOKOUA
LEGACY LANDSCAPE

One of Earth’s Green Lungs

African Parks Network (APN)
The Odzala-Kokoua legacy landscape lies in the heart of the Congo basin, the second largest rainforest after the Amazon, and one of the world’s most biodiverse areas and most important carbon sinks.

The Congo Basin delivers clean water, food, and shelter to more than 75 million people. The Odzala-Kokoua legacy landscape comprises part of the Odzala-Kokoua National Park, covering 13,546km² of northwestern Congolese lowland forest which contains one of the largest intact primary forests in Africa. Its dense rainforest is dotted with over 140 known open saline forest clearings called ‘bais’, which are of exceptional value for wildlife in the region. Forest elephants have been documented to travel large distances to Odzala to reach these nutritionally valuable meeting grounds. Large tracts of savanna are present in the South, making Odzala home to a unique mix of species. Odzala, for example, is believed to have the only viable population of spotted hyena in the Congo basin. The objective of the LLF-supported program is to transform the Odzala-Kokoua landscape into an intact ecosystem, enabling a conservation-led economy that drives a constituency for conservation.

Odzala harbors close to 7,600 Western lowland gorillas, the largest population in a national park in Africa, and almost over 7,300 forest elephants, which is roughly 7% of the total remaining population. The fruitful 12-year public-private partnership between the Ministry of Forest Economy, Sustainable Development and Environment and conservation NGO African Parks, who manages this park, has led to effective protection of this national and global asset. 12,000 people live in the park’s periphery and are benefiting from the services the park provides. 2021 saw marked advancements in the community engagement actions through the establishment of a cocoa program in the north of the park, engaging local producers in an improved and sustainable value chain. The research department also saw promising advancements through the procurement of a light aircraft, which supports both improved monitoring of the region as well as the first systematic count of the species both within the park as well as on its periphery. The results showed highly encouraging wildlife numbers within the park’s boundary, including about 1,150 buffaloes, but human pressures outside of the park remain significant. The survey further helps to direct management measures for 2022, which will be an important year for Odzala-Kokoua National Park as several community projects are launched, including sustainable fishing on the Mambili river and an innovative human-wildlife conflict mitigation tool in the south of the park.
NORTH LUANGWA LEGACY LANDSCAPE

Africa’s Wilderness at its Best

Frankfurt Zoological Society (FZS)
North Luangwa legacy landscape gains its outstanding global value from the Luangwa River, which has shaped a rich and biodiverse landscape over millennia, and its pristine wilderness, which gives the park its unique character.

The remote North Luangwa National Park in Zambia is one of the finest wilderness experiences in the entire southern African region, boasting all of the “big five”: elephant, buffalo, rhino, leopard and lion. It is also home to the endemic Cookson’s wildebeest and to Zambia’s highest elephant population. In 2003, an ambitious translocation was launched to reintroduce the black rhino to the park. As a result, the North Luangwa National Park now boasts Zambia’s only black rhino population. North Luangwa National Park is the anchor of the transboundary conservation initiative, the Malawi Zambia Transfrontier Conservation Area, which encompasses more than 32,000 km². The core objective of the program is to conserve an area of wilderness and rich biodiversity in the Luangwa Valley, with its large populations of elephant, buffalo and reintroduced black rhino, and a major catchment for the Luangwa River, for the benefit of present and future generations.

Voice from the field

“North Luangwa Conservation Program has gone beyond the simple recognition of the inequalities between women and men in the North Luangwa Ecosystem Game Management Areas. Using the gender perspective, the program has and will continue working towards building more equitable relations between women and men within the communities, Village Action Groups, Community Resource Board, and other community-based groups such as Community Conservation Banks. With the implementation of this project, North Luangwa Conservation Program will set a benchmark and best practice for gender work by contributing practical evidence to influence gender-responsive policies and practices that will address inherent biases and deep-seated gender norms and stereotypes.”

Gilbert Mwale, Community Outreach Manager commenting on a Women’s Empowerment project FZS is embarking on.
GONAREZHOU
LEGACY LANDSCAPE

The Place
of Elephants

Frankfurt Zoological Society (FZS)
The Gonarezhou legacy landscape provides habitats for a wide range of animal species but is most famous for its elephants. Home to about 11,000 individuals, Gonarezhou truly deserves its vernacular name as the “Place of Elephants”.

Situated in the Southeast of Zimbabwe on the border with Mozambique, its landscape features scenic sandstone cliffs, wide meandering rivers, seasonal pans, and extensive woodlands. Together with neighboring national parks in South Africa and Mozambique, Gonarezhou is part of the Greater Limpopo Transfrontier Park which covers a cross-border protected area of around 35,000 km². The Gonarezhou Conservation Trust (GCT) is a co-management partnership between the Zimbabwe Parks and Wildlife Management Authority and the Frankfurt Zoological Society. Its vision is to be a model for sustainable conservation in Africa – where ecosystems are protected, tourism for conservation thrives, and stakeholders matter.

Gonarezhou National Park is embedded into a wider landscape containing a Key Biodiversity Area, two Important Bird Areas, and is currently nominated for World Heritage Site status.

Gonarezhou contains exceptional scenic diversity, including the Chilogo Cliffs, as well as three large rivers that feed into neighboring Mozambique. According to the Common International Classification of Ecosystem Services (CICES), Gonarezhou – with its associated perennial rivers, intact habitats and landforms – provides a wide range of ecosystem services, including wildlife, plants, hydrological values, fire protection, and cultural and aesthetic value on a local, national and global scale. The Save and Mwenezi rivers ultimately flow into Mozambique, with large downstream human populations depending on these river systems.

Elice Dheimani, Community Data Coordinator at Gonarezhou Conservation Trust in Gonarezhou National Park

“Communities adjacent to the park are organized in five community sectors, called Mpfhuka areas in the local Shagaan (Tsonga) language. In each area, Gonarezhou Conservation Trust supports community-initiated livelihood projects. One such project that significantly impacts household livelihood and conservation is the Community Conservation Bank. Five groups led by female members, each representing their Mpfhuka area, were supported with project start-up loans by GCT. As a community worker, it has been inspiring to witness the empowerment of the female community members on how income-generating projects can improve their livelihoods and reduce the community’s over-reliance on natural resources for sustenance.”
The Gunung Leuser legacy landscape is located on the Indonesian island of Sumatra. Here, it lies at the heart of the Leuser ecosystem, which spans an area of more than 26,000 km² and is one of Southeast Asia’s largest intact rainforest ecosystems.

Within this area, the 11,525 km² Leuser legacy landscape consists of the 8,305 km² Gunung Leuser National Park (GLNP), which is classified by the IUCN as a Category II Protected Area, and the 3,220 km² Forest Management Unit (FMU) VI.

Gunung Leuser National Park is the only place on earth that is collectively home to the wild tiger, orangutan, elephant, and rhino. The Leuser ecosystem contains approximately 150 individuals of the critically endangered Sumatran tiger. It also provides crucial habitats for numerous other critically endangered animals, including 11,700 Sumatran orangutans, more than 350 Sumatran elephants, and a viable population of Sumatran rhinos, one of the most threatened mammalian species on earth. The park’s outstanding environmental, cultural, and economic value has been recognized through numerous international designations, for example it is listed as a UNESCO World Heritage Site, and its 43 forest watersheds provide key ecosystem services to more than 6.9 million people.

A Success Story from Gunung Leuser

Gunung Leuser National Park and its surrounding forests are a stronghold for the Sumatran tiger. Collaboratively managing human-tiger conflicts in forest-edge farming communities is an important approach to resolving this livelihood and conservation issue. The Wildlife Conservation Society (WCS) and the Indonesian Ministry of Environment and Forestry (MoEF) are partnering to support vulnerable communities in preventing livestock attacks by constructing ‘Tiger Proof Enclosures’, livestock pens strengthened with barbwire.

The benefits of this approach were described by A. Mukhlis, who rears livestock in the Langkat District of the Leuser Landscape: “The Tiger Proof Enclosure makes me feel safer, protects my livestock and makes them easier to manage”. Legacy Landscapes Fund will support WCS and MoEF to replicate this approach in villages across the landscape.
2.3. IMPACT

As of early 2022, LLF has signed a total of five grant agreements. Given that the grant program only began very recently, full documentation of impact is not yet possible.

LLF supports conservation measures that address key threats to biodiversity and ecosystem services. Outlined below is an overview of the threats and priority actions taken under joint grant arrangements with LLF partners in 2021.

### Key Threats addressed in Legacy Landscapes

<table>
<thead>
<tr>
<th>Legacy Landscape</th>
<th>Poaching / illegal wildlife trade</th>
<th>Deforestation / illegal logging</th>
<th>Mining</th>
<th>Human-wildlife-conflicts</th>
<th>Agricultural expansion into the PA</th>
</tr>
</thead>
<tbody>
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<td>Madidi</td>
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<td>Gonarezhou</td>
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### Priority Actions taken in Legacy Landscapes

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<thead>
<tr>
<th>Legacy Landscape</th>
<th>Natural resources protection</th>
<th>Support park management</th>
<th>Improve park infrastructure</th>
<th>Tourism as income development</th>
<th>Law enforcement and security</th>
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<td>Madidi</td>
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</tbody>
</table>
### Legacy Landscape Threats

- Poaching / illegal wildlife trade
- Deforestation / illegal logging
- Mining Human-wildlife-conflicts
- Agricultural expansion into the PA
- Wildlife diseases
- Fires
- Infrastructure construction in PA
- Climate change impacts
- Insufficient finances & management capacities
- Incoherent Policies

<table>
<thead>
<tr>
<th>Wildlife diseases</th>
<th>Fires</th>
<th>Infrastructure construction in PA</th>
<th>Climate change impacts</th>
<th>Insufficient finances &amp; management capacities</th>
<th>Incoherent Policies</th>
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</table>

### Natural Resources Protection

- Support park management
- Improve park infrastructure
- Tourism as income development
- Law enforcement and security
- Monitoring and evaluation
- Community participation
- Improved livelihoods and benefit-sharing

<table>
<thead>
<tr>
<th>Monitoring and evaluation</th>
<th>Community participation</th>
<th>Improved livelihoods and benefit-sharing</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>
2.4. STRATEGIC ORIENTATION AND CALL FOR PROPOSALS

One of LLF’s biggest milestones in 2021 was the successful increase of the foundation’s capital and the preparation for an open call for proposals. LLF looks forward to receiving concept notes and working with new partners to bring a selection of those concept notes to the final proposal stage, at which point we can seek approval from the Supervisory Board and broaden our site portfolio.

LLF grantees will be Non-Governmental Organizations (NGOs) or locally based actors (ICCAs, etc.) with proven credentials in the following areas:

- Track record of impactful conservation work at scale
- A legal base to work in the country and region of the legacy landscape (MoU or other) and a proven track record of conservation work in the region of the proposed legacy landscape
- Familiarity and established trustful relations with relevant government agencies (national and local) and local communities, grassroots organizations and/or local stakeholder groups in the area in which the legacy landscape is located
- Adherence to human rights, social and environmental standards as laid down by the World Bank and UN (and as shall be further developed in an Environmental and Social Management System describing the environmental and social requirements and standards for LLF’s overall grants program and its implementation – the “Program ESMS”)‘
- The ability to bring the required private match funding to the proposed grant program
Call for Proposals

Submission of a Concept Note

- Concept Note:
  1. Concept Note Template
  2. Logical Framework (Log frame)
  3. Budget

Deadline: 30. April 2022, midnight CET

Q&A Sessions

Publish call for proposals

Joint decision and contracting of ESDD consultants
(likely in a staggered process)
End of June 2022

ESDD in co-operation with applicants

Feedback to NGOs

SB decision-making meeting
of concept notes
Line-up of environmental and social
due diligence (ESDD) consultants

Finalization of full proposals in an
iterative process with LLF
Decision-making of SB currently envisaged to be achieved within
6 months after the finalisation of the ESDD.
Grant agreements Q1 and Q2 in 2023

Evaluation Committee analysis
of concept notes and
institutional vetting

Full proposal development
September 22 – March 23

Deadline:
30. April 2022, midnight CET

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GOVERNANCE AND OPERATIONS
According to LLF's charter, the supervisory board will consist of at least three full members, including permanent seats for BMZ and KFW. The board currently consists of Ms. Birgit Pickel (BMZ), Dr. Thomas Duve (KFW), and Ms. Aileen Lee (Moore Foundation). Mr. Barry Gold representing the Walton Foundation has been nominated to serve as an observer to the supervisory board. The decision was made to fill the remaining seats of the supervisory board gradually, whilst it is already operational, with more representatives of funding partners and specialists from the Global South.

Since its inception at the end of 2020, LLF has taken important steps in developing its governance structure. All in all, the supervisory board met eleven times from its founding in mid-December 2020 through the end of 2021. Important decisions and actions during the year included:

- engagement of the (interim) Management Board and the appointment of the Executive Director;
- adoption of Management Board by-laws and the Investment Policy;
- appointment of the Investment Advisor and the Investment Committee;
- development of the Advisory Committee.

The LLF management board requires at least two members, and with Ms. Stefanie Lang as executive director and Mr. David Morrison as deputy, the management board is also fully functional. Mr. Uwe Klug (KfW) acts as advisor to the management board. During the year, the management board prepared the decisions of the supervisory board — most notably, the recommendations to approve the five pilot projects. Executive director Lang and her team also organized the formal launch of LLF in May, and she attended and participated at several key events, such as the IUCN World Conservation Congress in Marseilles and COP26 in Glasgow.

Two paid staff members supported the program and outreach work of the management board throughout 2021. Additionally, LLF's administration is supported by the Nature Trust Alliance, a shared services organization which LLF joined shortly after inception to provide bookkeeping, IT, and similar services.

As stated in the charter, LLF is creating an advisory body to ensure good practice and to integrate a wide variety of specialist perspectives. A constituting virtual meeting of the advisory committee was held on September 10th, 2021. Members were invited by email on June 21st 2021, and were offered to stand for election to be one of the two observers to the supervisory board. Georg Schwede from Campaign for Nature and Sandy Andelman of the Wildlife Conservation Society were elected as observers from the advisory committee to the supervisory board. A first advisory committee organizational meeting was held, and there are plans to hold up two advisory committee meetings during 2022.

A grants committee helps LLF to select the concept notes to be developed further into fundable full proposals. LLF has agreed with IUCN that they will support the grants committee.

The management board has appointed qualified individuals with expertise in investment, economics and/or banking to serve, alongside a member of the management board or a special representative of LLF, as LLF's investment committee. The investment committee works closely with an investment consultant to implement the investment guidelines as well as any more detailed procedures approved by the management board.

Lean Organizational Structure

LLF remains a lean organization: its staff size has grown from two staff for the majority of 2021 to four full-time staff members today, due to the increased efforts required to manage the growing pilot grants and the call for proposals. To keep administrative costs low, LLF entered into collaboration with the Nature Trust Alliance, a shared service organization set up to provide support services, such as financial management, IT support, and HR to LLF and other similar conservation trust funds. We also still rely on support from KfW in some technical and administrative areas and strive to learn from the experience of existing foundations such as the Caucasus Nature Fund or the Blue Action Fund. Thanks to these efforts, we subsist on a relatively low share of administrative costs, including during the start-up phase, and is confident that the fund can further reduce the share of administrative costs as the program grows.
4 COMMUNICATION AND OUTREACH
LEGACY LANDSCAPES FUND PRESENTED TO A GLOBAL AUDIENCE

We presented Legacy Landscapes Fund and its vision at several events during 2021.

The official launch of the fund took place virtually in May. The launch announced LLF’s operability and introduced the organization to a global audience. German Federal Minister Dr. Gerd Müller and executive director Stefanie Lang officially launched the fund in an event moderated by scientific journalist Dirk Steffens and accompanied by several actors from the biodiversity conservation community, including testimonials and voices from around the globe. Among them were the US Special Presidential Envoy for Climate, John Kerry; the UN Executive Secretary of UNFCCC, Patricia Espinosa; the UN Executive Secretary on the Convention of Biological Diversity, Elizabeth Maruma Mrema; the United Kingdom’s Minister of State, Zac Goldsmith; the British actor Idris Elba, and many more.

The launch was followed by LLF’s first participation at the international IUCN World Conservation Congress in Marseilles. LLF hosted a 90-minute hybrid event on financing biodiversity featuring several renowned speakers from around the world. Among them were Dr. Gerd Müller, who gave the keynote speech, Christiane Laibach of the KfW Management Board, Bertrand Walckenaer of Agence Française de Développement (AFD), Aileen Lee of the Gordon and Betty Moore Foundation, former Ethiopian prime minister H.E. Dessalegn, Stefanie Lang, and other NGO representatives. In two panels, the session discussed ways to close the financing gap for biodiversity in general, the value of conservation trust funds, and the unique model of LLF.

In November, LLF was introduced at the Glasgow Climate Change Conference as a fund beneficial for both climate and biodiversity. Stefanie Lang, Aileen Lee of the Gordon and Betty Moore Foundation, Barbara Schnell of KfW, and Gilles Kleitz of AFD were invited to a side event entitled “Conservation Trust Funds as Boosters for Nature Based Solutions”. The discussion illustrated, once again, that the climate and biodiversity crises are intertwined and interdependent, and that greater convergence is necessary.

During the year, LLF executive director Stefanie Lang was invited as speaker and panellist to various public events and international occasions. Lang participated in thematic sessions at the IUCN WCC, the Climate Summit, and the Counter Wildlife Trafficking Partnership Forum, and served as laudator for the award of a Sustainability Prize to Minister Müller at the “Hans-Carl-von-Carlowitz” Society.

Communication & Media

Throughout 2021, LLF was mentioned more than 450 times in both print and digital media across at least 10 different languages. This demonstrates a significant volume of media coverage with a high level of audience reach. In particular, the official launch received significant traction and was featured in a wide range of national and international newspapers, including the German Handelsblatt, The Guardian and Reuters. During the year Stefanie Lang was invited to several interviews, including by The Guardian and by the radio station Deutschlandfunk.
The following should be read in conjunction with the 2021 unaudited financial statements and notes thereto which can be found here, until publication of the audited financial statements (expected by July) which will replace them.

All figures in this section are derived from the unaudited accounts, except as otherwise indicated.
The following table shows a summary of our balance sheet.

**Summary Balance Sheet** (Euro in 000s, December 31)

<table>
<thead>
<tr>
<th>Assets</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangibles &amp; Property, Plant &amp; Equipment</td>
<td>19</td>
<td>0</td>
</tr>
<tr>
<td>Financial Assets</td>
<td>55,079</td>
<td>0</td>
</tr>
<tr>
<td>Current Assets</td>
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<td></td>
</tr>
<tr>
<td>Receivables &amp; Other Assets</td>
<td>12,798</td>
<td>10,000</td>
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<tr>
<td>Bank Balances</td>
<td>118,939</td>
<td>76,575</td>
</tr>
<tr>
<td>Total Assets</td>
<td>186,834</td>
<td>86,575</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment</td>
<td>8,250</td>
<td>8,250</td>
</tr>
<tr>
<td>Reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Reserves</td>
<td>177,937</td>
<td>78,346</td>
</tr>
<tr>
<td>Earnings Reserves</td>
<td>323</td>
<td>0</td>
</tr>
<tr>
<td>Funds Carried Forward</td>
<td>0</td>
<td>-43</td>
</tr>
<tr>
<td>Total Equity</td>
<td>186,511</td>
<td>85,553</td>
</tr>
<tr>
<td>Provisions &amp; Liabilities</td>
<td>323</td>
<td>22</td>
</tr>
<tr>
<td>Total Liabilities and Equity</td>
<td>186,834</td>
<td>86,575</td>
</tr>
</tbody>
</table>

**Assets**

Total assets at year-end 2021 amounted to €186.9 million, more than double the prior year’s amount following the €100 million new contribution to LLF’s capital reserves by German financial cooperation in December.\(^1\) Financial Assets amounted to €55.1 million at year-end, reflecting the investment program which began in April 2021 after our investment set-up and guidelines were approved by the supervisory Board. The amounts in 2020 reflect the original commitments to create LLF’s initial capital and reserves from German financial cooperation and the Gordon and Betty Moore Foundation in December of that year.

In 2021 the receivables and other assets reflect a transfer on December 31 from bank balances to the financial assets. In 2020 the amount refers to an amount committed from but not yet transferred to LLF from the original German financial cooperation commitment. Having been reduced significantly over the course of the year by the transfer of funds to the investment program (financial assets), bank balances were up substantially again at year end as a result of the December 2021 German financial cooperation contribution.

**Equity & Liabilities**

The substantial increase in total equity in 2021 also reflects the December German financial cooperation contribution. Provisions and liabilities reflect mainly outstanding invoices for fees or provisions for various services such as investment, audit and the like, as well as, in 2021, €129,000 in advances from our philanthropic partners for grants we will be supporting in 2022 (which would have to be repaid to our partners were we not to make the grants).

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\(^1\) In this document “German financial cooperation” refers to contributions from the German Ministry of Economic Cooperation and Development (BMZ) through the German development bank KfW.
INCOME STATEMENT

As background for the discussion of LLF’s Income Statement it is important to keep in mind the different sources of our funds. LLF’s spending sources include current use income in the form of (i) the interest and dividend income on our investments and (ii) current use donations. However, it was recognized when LLF was created that unless and until LLF’s endowment or long-term reserves are substantially increased, these two sources will not be sufficient to finance our operations, and a reserve was created that can support LLF’s expenditures as its longer-term financing sources are developed. This “funding capacity reserve” was donated by German financial cooperation and the Gordon and Betty Moore Foundation in 2021 and added to by BMZ in 2022 (see the discussion of the Balance Sheet above). Spending of these funds began in 2021.

Because utilization of this reserve is reflected “below the line”, LLF shows a loss from its operations and will continue to do so as the reserve is utilized and its other financing sources are further developed. That loss will be balanced by withdrawals from the funding capacity reserve. As part of its effort to develop its long-term funding sources, LLF also will add where possible to its long-term capital as permitted by the German tax law. See the further discussion below under “Net Income, Reserves and Funds Carried Forward”.

SUMMARY INCOME STATEMENT (Euro)

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
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<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Investment Income</td>
<td>323,802</td>
<td>(21,593)</td>
</tr>
<tr>
<td>Donations and other income</td>
<td>25,366</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net Revenue</strong></td>
<td>349,168</td>
<td>(21,593)</td>
</tr>
<tr>
<td><strong>Expense</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Expense</td>
<td>108,311</td>
<td>0</td>
</tr>
<tr>
<td>Administration Expense</td>
<td>282,993</td>
<td>21,600</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>391,304</td>
<td>21,6005</td>
</tr>
<tr>
<td><strong>Net Income (Loss)</strong></td>
<td>(42,136)</td>
<td>(43,194)</td>
</tr>
<tr>
<td><strong>Reserves Transfers and Carry Forwards</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income (Loss) brought forward from prior year</td>
<td>(43,194)</td>
<td>0</td>
</tr>
<tr>
<td>Transfer from Reserves (Funding Capacity Reserve)</td>
<td>409,132</td>
<td>0</td>
</tr>
<tr>
<td>Transfer (to) Reserves (Savings Reserve)</td>
<td>(323,803)</td>
<td>0</td>
</tr>
<tr>
<td><strong>Funds Carried Forward</strong></td>
<td>0</td>
<td>(43,194)</td>
</tr>
</tbody>
</table>

Revenue

LLF’s revenue is composed of our Net Investment Income/Loss and our Donations and Other Revenue. The following table shows the development of these two positions.

LLF’s investment program contributed about €324,000 to recorded revenue in 2021. Dividends contributed over two-thirds of the circa €262,000 in dividends, interest and similar income in 2021. In the continuing low interest rate environment, interest income contributed the smaller share. As our investment managers positioned our portfolio over the course of the year, rising stock markets enabled them to realize significant (over €1.15 million) in capital gains along the way.

The foreign currency loss in 2021 reflects mainly the loss on hedging the US dollar exposure in the investment portfolio. Given that the dollar strengthened against the Euro in 2021, the loss on these hedges is reflected in the income statement while much of the related rise in the value of the investment portfolio is unrealized gain. As discussed below under “Investment Returns”, the 2021 investment performance contributed significantly more than the Net Investment Income on a total return basis.
NET INVESTMENT INCOME (LOSS) AND DONATIONS AND OTHER REVENUE (Euro)

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<tr>
<th></th>
<th>2021</th>
<th>2020</th>
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<tbody>
<tr>
<td>Dividends, Interest and Similar Income</td>
<td>261,612</td>
<td>0</td>
</tr>
<tr>
<td>Capital Gain and Other Investment Income</td>
<td>1,153,004</td>
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</tr>
<tr>
<td>Foreign Exchange/Currency Gain (Loss)</td>
<td>53,623</td>
<td>0</td>
</tr>
<tr>
<td>Total Investment Income</td>
<td>1,468,239</td>
<td>0</td>
</tr>
<tr>
<td>Foreign Exchange Currency Gain (Loss)</td>
<td>(511,974)</td>
<td>(19,579)</td>
</tr>
<tr>
<td>Investment Fees</td>
<td>(632,463)</td>
<td>(2,013)</td>
</tr>
<tr>
<td>Total Investment Expense</td>
<td>(1,144,437)</td>
<td>(21,593)</td>
</tr>
<tr>
<td>Net Investment Income (Loss)</td>
<td>323,802</td>
<td>(21,593)</td>
</tr>
<tr>
<td>Donations and Other Revenue</td>
<td>25,366</td>
<td>0</td>
</tr>
</tbody>
</table>

The small 2020 net investment loss reflects an exchange rate loss on the $5 million grant from the Moore Foundation that occurred between the date it was received and the date it was converted into Euro.

The donations in 2021 reflect a small grant awarded through German financial cooperation and private donations.

**Expenses**

LLF’s expenses consist of its program and its administration expenses.

**Program Expense**

<table>
<thead>
<tr>
<th>Program Expense* (Euro)</th>
<th>2021</th>
<th>2020</th>
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</thead>
<tbody>
<tr>
<td>Program Development a Management – Internal</td>
<td>108,311</td>
<td>0</td>
</tr>
</tbody>
</table>

*Does not include the funds provided to our program by our partner funders in 2021, which are discussed below.

The four approved Legacy Landscapes that received funds from our funding partners in 2021 were Madidi Legacy Landscape, North Luangwa National Park, Gonarezhou National Park and Odzala-Kokoua Legacy Landscape. A grant to Leuser Legacy Landscape was approved but not yet funded in 2021.

**Administration Expense**

Our administrative and fundraising expense mainly reflects part of the salary of our executive director and a smaller share of our other employees, audit and bookkeeping services as well as LLF’s share of the partnership with Caucasus Nature Fund, Prespa-Ohrid Nature Trust, Blue Action Fund in the funding of the European shared services support organization, Nature Trust Alliance.

<table>
<thead>
<tr>
<th>Administration Expense (Euro)</th>
<th>2021</th>
<th>2020</th>
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</thead>
<tbody>
<tr>
<td>Administrative Expense</td>
<td>231,432</td>
<td>23,615</td>
</tr>
<tr>
<td>Fundraising &amp; Communications Expense</td>
<td>51,561</td>
<td>0</td>
</tr>
<tr>
<td>Total Administration Expenses</td>
<td>282,993</td>
<td>23,615</td>
</tr>
</tbody>
</table>
**Net Income, Reserves and Funds Carried Forward**

In 2021, LLF’s net income is its Net Revenue of €349,168 minus its total expenses, and as discussed above, the loss reflects that the spending of the funding capacity reserve is considered as a “transfer from the reserve” and therefore is shown later in the income statement. Until the funding capacity reserve is fully utilized, LLF’s overall financial health is best reflected in its funds carried forward and their relationship to the developments in its balance sheet, including additions to its endowment and transfers to and from reserves.

LLF carried forward its start-up loss from first weeks of its operations in December 2020. In the first three years of its existence, a foundation is entitled under German tax law to allocate all of its investment income to an earnings reserve—and LLF has done so in 2021 in the amount of €323,803. To finance this transfer to a long-term reserve and the loss from 2020 and 2021, LLF utilized €409,132 from the funding capacity reserve.

**EFFICIENCY MEASUREMENTS**

It is difficult to compare efficiency levels across different organizations in the charitable world. We believe there are two main reasons for this. First, there are a number of different and difficult to compare operating models and second, there is no clear consensus on cost categories underlying various cost items such as administrative expenses. We also believe that the best we can do is to be clear and transparent about how we account for expenses and the operating ratios that we use.

One of the ways we measure our efficiency by following the ratio of our Administration Expenses to our Total Expenses. In our early years, we will be doing this by including the “pro forma” (for our purposes) expenditures on the grant program made by our funding partners. In 2021 the ratio is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Administration Expenses</th>
<th>Total Pro Forma Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>282,993</td>
<td>3,525,111</td>
</tr>
</tbody>
</table>

\[
\text{Ratio} = \frac{282,993}{3,525,111} = 8.0\%
\]
INVESTMENTS

LLF’s income statement reflects investment income in the form of dividend and interest income and realized capital gain or loss. These were discussed above. These figures do not reflect the underlying increase or decrease in the value of the investment portfolio (unrealized capital gain or loss). Accordingly, from an investment perspective, LLF follows the total return on its investment portfolio (the combination of earned income and realized gain or loss and the unrealized gain or loss). In its start-up year, LLF had an overall performance of 4.3%. Our investing activity contributed an overall increase in the value of LLF investment portfolio of €3.2 million in 2021. Given that we started in April and that on that date all our assets were in cash, we are satisfied with our start. We will continue deploying the new contribution received in December over the course of 2022.