

**PRIVIUM FUND MANAGEMENT B.V.
AMSTERDAM**

Annual Report 2016
June 30, 2017

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FINANCIAL REPORT

To the Board of Directors of
Privium Fund Management B.V.
Postbus 75926
1070 AX AMSTERDAM

<i>Reference</i>	<i>Processed by</i>	<i>Date</i>
10000665	JdH	June 30, 2017

Subject
Annual report of 2016

For the attention of the Board of Directors,

We hereby send you the report regarding the financial statements for the year 2016 of Privium Fund Management B.V.

1 AUDIT

In accordance with your instructions we have compiled the annual account 2016 of Privium Fund Management B.V. , including the balance sheet with counts of € 1,174,377 and the profit and loss account with a post-tax result of € 11,088.

For the independent auditor's report we refer to the chapter "other information" on page 28 of this report.

1.1 Appropriation of the net result 2016

The profit for the year 2016 amounts to € 11,088 compared with a profit for the year 2015 of € 83,850.

The analysis of the result is disclosed on page 3.

The proposed appropriation of result is disclosed under other information.

2 RESULTS

2.1 Development of income and expenses

The result after taxation for 2016 amounts to € 11,088 compared to € 83,850 for 2015. The results for both years can be summarized as follows:

	2016		2015	
	€	%	€	%
Net turnover	2,188,453	100.0	1,325,269	100.0
Movement of work in progress	262,366	12.0	195,818	14.8
Cost price	356,786	16.3	353,623	26.7
Gross turnover result	2,094,033	95.7	1,167,464	88.1
Expenses				
Cost of subcontracted work and other external charges	1,580,428	72.2	698,229	52.7
Employee expenses	297,943	13.6	233,996	17.7
Amortisation and depreciation	11,620	0.5	11,110	0.8
Other operating expenses	182,755	8.4	143,028	10.8
	2,072,746	94.7	1,086,363	82.0
Operating result	21,287	1.0	81,101	6.1
Financial income and expenses	-6,934	-0.3	8,133	0.6
Result from normal operations before tax	14,353	0.7	89,234	6.7
Taxation on result from normal operations	-3,265	-0.2	-5,384	-0.4
Result after taxation	11,088	0.5	83,850	6.3

3 FINANCIAL POSITION

The balance sheet can be summarized as follows:

	12/31/2016	12/31/2015
	€	€
Long term funds:		
Equity	390,137	242,299
Subordinated loans	-	100,000
	<u>390,137</u>	<u>342,299</u>
Long term investments:		
Tangible fixed assets	37,411	43,260
Financial fixed assets	37,500	750
	<u>74,911</u>	<u>44,010</u>
Working capital	<u>315,226</u>	<u>298,289</u>
This amount is applied as follows:		
Receivables, prepayments and accrued income	736,729	442,296
Cash and cash equivalents	362,737	343,901
	<u>1,099,466</u>	<u>786,197</u>
Debit: Short-term debt	784,240	487,908
Working capital	<u>315,226</u>	<u>298,289</u>

4 INDEX NUMBERS

4.1 Earning capacity

By means of the ratios presented below, insight can be gained into the earning capacity of the company.

	2016	2015
Analysis of the revenue <i>Index number (2015=100)</i>	165.13	100.00
Gross margin <i>Gross margin/net turnover</i>	95.69	88.09
Margin net result <i>Net result/net turnover</i>	0.51	6.33
Return on assets <i>Operating result / total equity and liabilities</i>	1.81	9.77
Return on equity <i>Net result/ equity</i>	2.84	34.61

4.2 Liquidity

From the liquidity defined as the ratio of current assets divided by current liabilities it may be deduced to what extent the company can settle its financial liabilities in the short-term. By means of the ratios presented below, insight can be gained into the liquidity of the company. The liquidity reflects the situation on December 31; it is, therefore, a financial snapshot.

	2016	2015
Current ratio <i>Current assets/short-term debt</i>	1.40	1.61
Quick ratio <i>Current assets - inventories/short-term debt</i>	1.40	1.61
Term of payment debtors <i>Debtors / net turnover * 365 days</i>	20	25
Term of payment creditors <i>Creditors / cost of sales * 365 days</i>	121	55

4.3 Solvency

The solvability indicates the extent to which the company will be able to meet its long-term obligations (interest and repayment). The solvency reflects the situation on December 31; it is, therefore, a financial snapshot.

	<u>2016</u>	<u>2015</u>
Solvency <i>Equity / balance sheet total</i>	33.22	29.19
Solvency <i>Equity / liabilities</i>	49.75	49.66
Solvency <i>Liabilities / balance sheet total</i>	66.78	58.77
Interest coverage ratio <i>Operating result / interest expenses (balance)</i>	2.72	-10.82

5 FISCAL POSITION

5.1 Fiscal unity

For purposes of corporate income tax, Cleardown B.V. forms a fiscal unity with its subsidiary:
- Privium Fund Management B.V.

The corporate income tax of the subsidiary is calculated as if the subsidiary is independently tax liable.

5.2 Taxable amount 2016

The taxable amount for 2016 has been calculated as follows:

	<u>2016</u>
	€
Result before taxes	14,353
<i>Tax differences:</i>	
Non-deductible deduction	2,101
Tax-deductible donations	-125
	<u>1,976</u>
Taxable amount 2016	<u><u>16,329</u></u>

Corporate income tax calculation

The corporate income tax due amounts to:

	<u>2016</u>
	€
20.0% of € 16,325	<u><u>3,265</u></u>

The entry is recognised in the profit and loss account as follows:

Taxation on result from normal operations	<u><u>3,265</u></u>
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We will gladly provide further explanations upon request.

Sincerely yours,
Bacom Consultancy Groep



R. Beers
Consultant

Report board of directors - Privium Fund Management BV

Results

After being launched in 2012, and reaching important milestones in 2013, 2014 and 2015, Privium Fund Management BV (Privium) has grown substantially in 2016. Net turnover grew by 65%. Privium received a FD Gazelle Award 2016 nomination, for being one of the fastest growing companies in The Netherlands.

The 2016 post-tax result was a profit of Euro 11,088, despite investments in growing the firms activities. Investments, mainly in software and staff, that caused the profitability to be lower than in 2015. Because of the profit and by converting the subordinated loan into equity, the funding of the company has improved. We would describe the financial position of the company as 'solid'.

The Assets Under Management (AUM) of the funds managed by Privium has clearly increased and further growth is to be expected. An increasing amount of AUM is allocated to ESG/Sustainability/Impact related investments. Currently, the majority of our assets under management have a specific ESG/Sustainability/Impact focus.

Funds range

The fund range has increased, as well as the diversification, which mitigates the market related risk for Privium Fund Management as a company. There were two new fund launches in 2016 and none of the funds were closed.

With the launch of the **FMO Privium Impact Fund (FPIF)**, we were able to launch a fund we had been working on for more than 2,5 years. The FPIF was launched with FMO Investment Management as the investment advisor. FMO has the Dutch government as the majority shareholder and the biggest Dutch banks own most of the rest of the shares. FMO has more than 45 years of experience with investing in emerging markets. In FMO, we have found a trusted partner to originate loans that combine a financial return with a positive impact. The impact the loans generate vary from a positive impact on the environment to the reduction of poverty. Due to the cooperation with and effort from ABN AMRO MeesPierson we were able to meet the 2016 Assets Under Management target we had set ourselves. ABN AMRO MeesPierson has the exclusive right to offer the FPIF to the clients of ABN AMRO MeesPierson, for the full launch period of the fund.

The other fund we launch in 2016 was the **Privium Done Hedge Fund**, which turned out to be a bigger success than we had foreseen. Having known the Done Hedge Fund team even before the Done Hedge Fund was launched, the strategy, risk management, quality of the team and the impressive track record, made us launch the Privium Done Hedge Fund.

We spend considerable time and effort in 2016 on taking over the Delta Lloyd Mezzanine Fund and the team that has made the fund perform so well (the expected return on the fund is 11% per annum, net of fees). The years of experience and the high quality network of the team provide an attractive investment niche. The fund, which is not providing new loans anymore, has been taken over in January 2017 and was renamed to **Dutch Mezzanine Fund**. During 2017, the Dutch Mezzanine Fund II will be launched.

The **Principia Fund**, a long only equity fund with a value investing approach, was the best performing fund. It realised its investors a 20% return in 2016, net of fees.

The **Privium Sustainable Alternatives Fund** and the **Multi Strategy Alternatives fund** posted the biggest growth in Assets Under Management in 2016.

Team

During the year, the number of FTE has been increased and FMO Investment Management was appointed as an investment advisor (see above). Due to the growth in staff and easier business development, we were able to spend even more time on compliance and portfolio management activities. Further staff growth is to be expected in 2017. The team has been active during the year as speakers and moderators at industry conferences and educational events. The aim of those activities were both brand awareness and to educate investors and students about alternative investments. Being a proud sponsor of Alternatives 4 Children (A4C), the team also spend time on supporting this charity and its activities.

Regulation

Both the Fund Management industry and the regulators have to keep spending a lot of effort on (improving) the implementation of legislation that was implemented in recent years and that will be implemented in the next few years. While we are conscious of the time spend and the costs involved for both Fund Managers and investors, we expect that the massive increase in regulation will further improve the image of the (alternative) asset management industry. This will likely lead to increased allocations for alternative investments. The fiscal and monetary stimulation that drives up the price of traditional asset classes (stocks and bonds) is supportive for alternative investments as well.

Privium Fund Management has hired Dutch Compliance to replace CLCS as the external compliance officer. Compliance Advies (Arjan van der Heiden) was hired to perform internal audits, starting in 2016. The fund launches were supported by Clifford Chance and Van Campen Liem, as legal and tax counsels.

Remuneration

The total remuneration for all Privium Fund Management BV employees for the year 2016 has been €1.303.881,-. In total 22 people (2015: 16 people) were involved during (some part of) the year, including part-time employees, dedicated consultants and full time employees. This number excludes the Investment Advisors (FMO Investment Management, Triodos MeesPierson, HJCO, Box Consultants, Melles & Partners) that are hired and excludes our Darwin Platform colleagues. Total remuneration to the board in 2016 was Euro 96,936,- none of which was variable. Variable payments depend on the profitability of the company. For some of the funds the compensation consists of both a management and a performance fee. If this is the case, portfolio management of such a fund can be entitled to a variable payment if the performance target of the fund is met (in order to align the interest of the investors and the portfolio managers). Such fees are disclosed in the annual report of the funds. No costs of employees were charged to the funds, except for the portfolio manager of the Supermarkt VastGoed fund (which had been the case prior to Privium taking over the fund and as part of the 'at cost' fee model of the fund, instead of the more common fixed % of AUM model). Employees are paid out of the management fees (and performance fees for some funds).

Market environment

The market environment has been supportive, especially for European investors. Global equity markets (MSCI Global) returned 9% for the year in euro terms (partially due to the weakening of the euro vs the USD). Government bond investors made decent profits on high quality European bonds. The 1 month Euribor rate stayed below 0% the entire year. The oil price recovered notably. Commodity markets, on average, suffered. Most notable detractors were energy related as the oil price collapsed. As mentioned, prices of traditional assets classes (bonds and equities) have been driven up by the

policies of central banks. These prices drive and/or support our multiyear outlook of a low return environment.

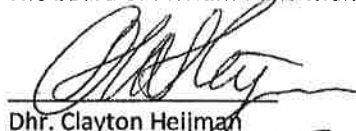
While a combination of accommodative monetary policy and improving economic growth have led to extended valuations in markets, this extension can continue for a while. Should markets correct or should investors be worried about high valuations, our fund range is sufficiently diversified to mitigate this risk.

Outlook

As indicated above, we are optimistic about the future and expect to continue our expansion in terms of the number of funds, Assets under Management and staff members.

Amsterdam, 30 June, 2017

The board of Privium Fund Management BV:



Dhr. Clayton Heijman



Dhr. Mark Baak

FINANCIAL STATEMENTS

Balance sheet as at December 31, 2016

Profit and loss account of 2016

Notes to the Statements

Notes to the balance sheet as of December 31, 2016

Notes to the profit and loss account from 2016

1 BALANCE AS AT DECEMBER 31, 2016
(after appropriation of the profit)

		December 31, 2016		December 31, 2015	
		€	€	€	€
ASSETS					
Fixed assets					
Tangible fixed assets	(1)	37,411		43,260	
Financial fixed assets	(2)	37,500		750	
			74,911		44,010
Current assets					
Receivables, prepayments and accrued income	(3)		736,729		442,296
Cash and cash equivalents	(4)		362,737		343,901
			1,174,377		830,207
EQUITY AND LIABILITIES					
Equity					
Issued share capital	(5)	250,000		150,000	
Share premium reserve		64,829		64,829	
Revaluation reserve		36,750		-	
Other reserves		38,558		27,470	
			390,137		242,299
Subordinated loans	(6)		-		100,000
Current liabilities	(7)		784,240		487,908
			1,174,377		830,207

2 PROFIT AND LOSS ACCOUNT OF 2016

		2016	2015
		€	€
Net turnover	(8)	2,188,453	1,325,269
Movement work in progress	(9)	262,366	195,818
Cost price	(10)	356,786	353,623
Gross margin		<u>2,094,033</u>	<u>1,167,464</u>
Expenses			
Cost of subcontracted work and other external charges	(11)	1,580,428	698,229
Employee expenses	(12)	297,943	233,996
Amortisation and depreciation	(13)	11,620	11,110
Other operating expenses	(14)	182,755	143,028
		<u>2,072,746</u>	<u>1,086,363</u>
Operating result		21,287	81,101
Financial income and expenses	(15)	-6,934	8,133
Result from normal operations before tax		<u>14,353</u>	<u>89,234</u>
Taxation on result from normal operations	(16)	-3,265	-5,384
Result after tax		<u><u>11,088</u></u>	<u><u>83,850</u></u>

3 NOTES TO THE FINANCIAL STATEMENTS

GENERAL

Activities

Privium Fund Management BV is managing a wide range of investment funds, as a regulated Alternative Investment Fund Manager (AIFM). The target participants in our funds are predominantly (the clients of) family offices, private banks, municipalities, insurance companies and pension funds.

The company is registered at the Chamber of Commerce, with number 34268930.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

The annual accounts have been prepared in accordance with Title 9 Book 2 of the Dutch Civil Code. The annual accounts have been prepared based on the historical cost. Valuation of assets and liabilities and determination of the result takes place under the historical cost convention.

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

Tangible fixed assets

Tangible fixed assets are presented at acquisition price less cumulative depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Financial fixed assets

Participating interests where significant influence is exercised over the business and financial policy are valued according to the equity method on the basis of the nett asset value. Participating interests without such influence, are valued at the acquisition price, taking into account a provision for value decreases.

Receivables and deferred assets

Upon initial recognition the receivables on and loans to group companies and other related parties and other receivables are valued at fair value and then valued at amortised cost, which equals the face value, after deduction of any provisions. The fair value and amortised cost equal the face value. Any provisions for the risk of doubtful debts are deducted. These provisions are determined based on individual assessment of the receivables.

Cash and cash equivalents

The cash is valued at face value. If cash equivalents are not freely disposable, then this has been taken into account in the valuation.

Subordinated loans

Subordinated loans are recognised at fair value.

Long-term and short-term liabilities

Upon initial recognition, the loans and liabilities recorded are stated at fair value and then valued at amortised cost.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

General

The result is defined as the difference between the revenue from services performed and the costs and expenses for that year, valued at historical costs.

Determination of the result

The result is determined based upon the difference between the net turnover and the costs and other expenses taking into account the aforementioned valuation principles.

Net turnover

The net turnover consists of revenue from during the reporting period nett of discounts, rebates and value added taxes.

Cost price

The cost of sales consists of the direct costs related to the services performed.

Gross margin

The gross operating profit and loss comprises nett turnover by the entity, other operating income and cost of outsourced work and other external charges.

Amortisation and depreciation

The depreciation on tangible fixed assets is calculated by using a fixed rate on the acquisition cost based on the expected life cycle. Financial profit and losses on disposal of tangible fixed assets are recorded under amortisation/depreciation, profit only to the extent that the profit is not deducted from replacement investments.

Financial income and expenses

Financial income and expenses comprise interest income and expenses for loans (issued and received) during the current reporting period.

Taxes

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the annual account and profit calculated for taxation purposes.

4 NOTES TO THE BALANCE SHEET AS AT DECEMBER 31, 2016

ASSETS

FIXED ASSETS

1. Tangible fixed assets

	Equipment	Transportation	Total
	€	€	€
<i>Carrying amount as of January 1, 2016</i>			
Purchase price	1,951	61,336	63,287
Cumulative depreciation and impairment	-1,196	-18,831	-20,027
	<u>755</u>	<u>42,505</u>	<u>43,260</u>
<i>Movement</i>			
Investments	5,771	-	5,771
Depreciation	-579	-11,041	-11,620
	<u>5,192</u>	<u>-11,041</u>	<u>-5,849</u>
<i>Carrying amount as of December 31, 2016</i>			
Purchase price	7,722	61,336	69,058
Cumulative depreciation and impairment	-1,775	-29,872	-31,647
Book value as per December 31, 2016	<u>5,947</u>	<u>31,464</u>	<u>37,411</u>
<i>Depreciation rates</i>			
			%
Equipment			20
Transportation			20

	12/31/2016	12/31/2015
	€	€
2. Financial fixed assets		
Participations in group companies	37,500	750
		Participations in group companies
		€
Carrying amount as of January 1, 2016		750
Direct movement in revaluation reserve		36,750
Carrying amount as of December 31, 2016		37,500
	12/31/2016	12/31/2015
	€	€
Participations in group companies		
E3 B.V.	37,500	750
CURRENT ASSETS		
3. Receivables, prepayments and accrued income		
Trade receivables	117,474	90,750
Receivables from group companies	110,826	76,695
Receivables from other related parties	200,021	36,950
Other receivables, deferred assets	308,408	237,901
	736,729	442,296
Trade receivables		
Trade debtors	117,474	90,750
Receivables from group companies		
Darwin Financial Platform B.V.	110,826	76,695

An interest rate of 0,96% (Euribor -/ - 0,04 % + 1%) has been calculated.

	12/31/2016	12/31/2015
	€	€
Receivables from other related parties		
Privium Selection Management SARL	36,500	36,500
Privium Fund Management Services HK Limited	163,521	450
	<u>200,021</u>	<u>36,950</u>
An interest rate has not been calculated.		
Other receivables		
Privium Cap. Man. deposit	<u>3,571</u>	<u>-</u>
Prepayments and accrued income		
Receivable turnover	262,366	213,508
Rent	24,227	21,365
Insurance	10,044	-
Contributions and subscriptions	-	828
Deposit	8,200	2,200
	<u>304,837</u>	<u>237,901</u>
4. Cash and cash equivalents		
ABN AMRO 24.91.02.226	145,160	138,761
ABN AMRO 24.93.56.228 USD	49,353	46,444
ABN AMRO 24.91.02.218	168,223	158,696
ABN AMRO 49.93.83.575 AUD	1	-
	<u>362,737</u>	<u>343,901</u>

EQUITY AND LIABILITIES

5. Equity

	<u>12/31/2016</u>	<u>12/31/2015</u>
	€	€
Issued share capital		
Subscribed and paid up 250,000 ordinary shares at par value € 1.00	<u>250,000</u>	<u>150,000</u>
The statutory share capital amounts to € 250,000. The shareholders of the company are as follows:		
- Cleardown B.V.		
		<u>Common shares</u>
		€
Carrying amount as of January 1, 2016		150,000
Own shares acquired		<u>100,000</u>
Carrying amount as of December 31, 2016		<u>250,000</u>
Statutory share capital		250,000
Shares issued		250,000
Par value		1.00
	<u>2016</u>	<u>2015</u>
	€	€
Share premium reserve		
Carrying amount as of January 1	<u>64,829</u>	<u>64,829</u>
Carrying amount as of December 31	<u>64,829</u>	<u>64,829</u>
Revaluation reserve		
Carrying amount as of January 1	-	-
Allocation	<u>36,750</u>	-
Carrying amount as of December 31	<u>36,750</u>	-

	2016	2015
	€	€
Other reserves		
Carrying amount as of January 1	27,470	-56,380
Allocation of financial year nett result	11,088	83,850
Carrying amount as of December 31	<u>38,558</u>	<u>27,470</u>

Appropriation of the profit 2016

The board of directors proposes to appropriate the profit for 2016 of € 11,088 to the retained earnings. This proposal has been processed in the annual accounts in advance of the adoption by the General Meeting.

6. Subordinated loans

Subordinated loan

Carrying amount as of January 1	100,000	-
Funds withdrawn	-	100,000
Repayment	-100,000	-
Carrying amount as of December 31	<u>-</u>	<u>100,000</u>

The loan meets CRR requirements.

An interest rate of 3,77 % (1 month Euribor rate +/- 0.23% + 4% per annum) has been calculated.

	12/31/2016	12/31/2015
	€	€
7. Current liabilities		
Trade creditors	118,512	53,020
Loans from participations in group companies	227,413	223,229
Taxes and social securities	24,631	10,925
Accruals and deferred income	413,684	200,734
	<u>784,240</u>	<u>487,908</u>

Trade creditors

Creditors	<u>118,512</u>	<u>53,020</u>
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Loans from participations in group companies

Cleardown B.V.	<u>227,413</u>	<u>223,229</u>
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An interest rate of 0,96% (Euribor +/- 0,04 % + 1%) has been calculated.

	12/31/2016	12/31/2015
	€	€
Taxes and social securities		
Turnover tax	11,829	2,997
Pay-roll tax	12,802	7,928
	<u>24,631</u>	<u>10,925</u>
Other liabilities and Accruals and deferred income		
Accruals and deferred income	<u>413,684</u>	<u>200,734</u>
Accruals and deferred income		
Holiday bonus	9,660	7,876
Accounting costs	1,500	1,500
Auditing costs	3,500	2,000
Recharge insurance	10,044	-
Consultancy charges	226,095	184,689
Travelling expenses	-	249
External regulation charges	-	4,420
Recharge Bloomberg costs	162,885	-
	<u>413,684</u>	<u>200,734</u>

OFF-BALANCE-SHEET RIGHTS, OBLIGATIONS AND ARRANGEMENTS

Rental obligations

There are rent obligations in respect of Gustav Mahlerplein 3, 26 floor, Amsterdam.
 Amounts due in year € 85.000.

5 NOTES TO THE PROFIT AND LOSS ACCOUNT OF 2016

	2016	2015
	€	€
8. Net turnover		
Net turnover	2,188,453	1,325,269
9. Movement work in progress		
Turnover to be received	262,366	195,818
10. Cost price		
Legal and tax counseling	18,585	22,292
Software	173,150	105,439
External regulation	68,636	45,442
Compliance	12,341	62,704
Administration	84,074	117,746
	<u>356,786</u>	<u>353,623</u>
11. Cost of subcontracted work and other external charges		
Work contracted	1,580,428	698,229
12. Employee expenses		
Wages and salaries	268,881	209,908
Social security charges	28,664	24,088
Other personnel costs	398	-
	<u>297,943</u>	<u>233,996</u>
<i>Wages and salaries</i>		
Gross wages	247,585	190,692
Wages 30% ruling	5,762	6,757
Vacation accruals	15,534	12,459
	<u>268,881</u>	<u>209,908</u>
<i>Social security charges</i>		
Social costs	28,664	24,088
<i>Other personnel costs</i>		
Canteen costs	398	-

Staff

At company during 2016, 3 employees were employed (2015: 3).

13. Amortisation and depreciation

	2016	2015
	€	€
<i>Depreciation of tangible fixed assets</i>		
Equipment	579	69
Transportation	11,041	11,041
	<u>11,620</u>	<u>11,110</u>

14. Other operating expenses

Accommodation expenses	91,742	65,408
Operating costs	1,277	429
Office expenses	20,049	5,171
Car expenses	9,400	5,166
Selling and distribution expenses	28,829	58,007
General expenses	31,458	8,847
	<u>182,755</u>	<u>143,028</u>

Accommodation expenses

Rent buildings	<u>91,742</u>	<u>65,408</u>
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Operating costs

Repairs and maintenance	<u>1,277</u>	<u>429</u>
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Office expenses

Office supplies	2,441	2,516
Automation costs	4,082	6,041
Telephone	2,754	788
Postage	254	254
Contributions and subscriptions	475	473
Insurance	10,043	10,043
	<u>20,049</u>	<u>20,115</u>

Withdrawal insurance 2014

	<u>-</u>	<u>-14,944</u>
	<u>20,049</u>	<u>5,171</u>

Car expenses

Fuels	1,759	868
Maintenance department	3,006	609
Insurance	1,794	1,776
Motor vehicle tax	928	-
	<u>7,487</u>	<u>3,253</u>

Private use


	<u>1,913</u>	<u>1,913</u>
	<u>9,400</u>	<u>5,166</u>

	2016	2015
	€	€
<i>Selling and distribution expenses</i>		
Publicity and advertisement	309	450
Representation costs	6,585	4,938
Business gifts	250	6,506
Travelling expenses	19,567	28,256
Allocation to accrual doubtful debtors	-	17,857
Other cost of sales	2,118	-
	<u>28,829</u>	<u>58,007</u>
<i>General expenses</i>		
Audit costs	17,340	2,000
Accounting costs	10,060	6,847
Consultancy fees	3,995	-
Maintenance department Inventories	63	-
	<u>31,458</u>	<u>8,847</u>
15. Financial income and expenses		
Interest and similar income	896	637
Interest and similar expenses	-7,830	7,496
	<u>-6,934</u>	<u>8,133</u>
<i>Interest and similar income</i>		
Interest receivable Darwin Financial Platform B.V.	896	637
<i>Interest and similar expenses</i>		
Interest and costs Tax Administration	-65	-
Interest subordinated loan	-3,770	-83
Interest payable	-5	470
Exchange rate differences	-1,853	9,155
Interest payable Cleardown B.V.	-2,137	-2,046
	<u>-7,830</u>	<u>7,496</u>
16. Taxation on result from normal operations		
Corporate income tax	-3,265	-5,384

Signing of the financial statements

AMSTERDAM, June 30, 2017


C.H.A. Heijman


M. Baak

OTHER INFORMATION

OTHER INFORMATION

1 Independent auditor's report

The independent auditor's report is stated on page 29.

INDEPENDENT AUDITOR'S REPORT

To: the Board of Directors of Privium Fund Management B.V.

A. Report on the audit of the financial statements 2016 included in the annual report

Our opinion

We have audited the financial statements, included in the annual report 2016, of Privium Fund Management B.V., based in Aerdenhout.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Privium Fund Management B.V. as at 31 December 2016, and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- 1 the company balance sheet as at 31 December 2016;
- 2 the company profit and loss account for 2016; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Privium Fund Management B.V. in accordance with the '*Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten*' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the '*Verordening gedrags- en beroepsregels accountants*' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Report board of directors
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining 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 company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Concluding 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 company'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 a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures;
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Hilversum, 30 June 2017

M&K Hilversum B.V.



A.J. de Quaasteniet RA