TRFI Funding B.V. Amsterdam

Report for the period

1 January 2016 until 31 December 2016

Manager:

Table of Contents

1 Directors and general information

The company outsources the execution of its activities. The principal involved parties are:

Corporate Service Provider	Commenda international B.V. Claude Debussylaan 46 1082 MD Amsterdam, the Netherlands
Director	Frederik Redelé
Paying Agent	Commenda International B.V. Claude Debussylaan 46 1082 MD Amsterdam, the Netherlands
Manager	Netwerk Financiering B.V. Wibautstraat 137-D 1097 DN Amsterdam, the Netherlands
Calculation Agent	Capital Tool Company Agency Service Limited 2nd Floor, 625 King's Road Hong Kong
Rating Agent	Creditreform Rating AG Hellersbergstraße 11 D-41460 Neuss, Germany
Stock exchange	Euronext Brussels Place de la Bourse 1000 Brussels, Belgium
Independent auditors	KPMG Accountants N.V. Laan van Langerhuize 1 1186 DS Amstelveen, the Netherlands
Security Trustee	Stichting Security Trustee TRFI Funding Hoogoorddreef 15 1101BA Amsterdam, the Netherlands
Manager Stichting Security Trustee TRFI Funding	SGG Financial Services B.V. Hoogoorddreef 15 1101BA Amsterdam, the Netherlands
Registered Office	Claude Debussylaan 46 1082 MD Amsterdam, the Netherlands
Shareholder	Stichting Trade Receivable Standards Board Joop Geesinkweg 185 1114AB Amsterdam, the Netherlands

2 Managing Directors report

The management herewith submits the financial statements of TRFI Funding B.V. (the "Company") for the year from January 1, 2016 until December 31, 2016.

The objects of the Company are:

The establishment of financing structures for:

(i) the provision, acquisition, management, administration and transfer of warehouse financing facilities (“WH Facilities”) in accordance with standard established by the Stichting Trade Receivables Standards Board.

(ii) accession to agreements in accordance with element (i) including but not limited to companies, banks, other financing institutions and/or agreements with the purpose of risk mitigation.

The Company purpose is to protect the assets of and secure the Cashflow to the bond and other senior and mezzanine investors.

2.1 Principal activities

The Company’s activities are limited to entering into WH Facilities under the Warehouse Schedule agreement between the Company and TRFI B.V. (“TRFI”) in order to finance the purchase by TRFI of trade receivables and the funding of the WH Facilities by means of raising finance, presently principally by means of bonds. The Company has a bond program listed on Euronext Brussels.

The junior participation and mezzanine participations have been provided by Netwerk Financiering B.V. (the “Manager”), who also manages the SME client portfolio and the funding of the Company. The Corporate Service Provider checks, with support of the Calculation Agent, that the actions initiated by the Manager comply with the requirements under the Warehouse Schedule and the financing agreements, including the bond prospectus.

2.2 Limited recourse

The Company must comply with minimum standards for capitalisation and liquidity coverage that are checked by the Trust and all its notes are currently extendible and pre-payable the recourse of bond investors or loans is limited to the WH Facilities the company has.

The Company has granted security over all its WH Facilities to the Stichting Security Trustee TRFI Funding (the “Security Trustee”). The Security Trustee also benefits from security over the underlying receivables relating to the WH Facilities provided to TRFI. The Security Trustee act in the interest of the creditors of the Company. Consequently, the Company has granted security over all its assets.

The Company has no obligation to pay interest and/or principal under the Mezzanine Notes it has issued, unless it has sufficient funds available. The Company has an obligation to stop providing new WH Facilities in case the capitalisation or liquidity is below the standards.

2.3 Value of the portfolio

The value of the portfolio of WH Facilities at the end of the year was €4.8 million. The WH Facilities were ultimately backed by €8.4 million nominal value of trade receivables less than 90 days overdue, the average advance at the end of the year was 59%, 8% below the maximum of 67%. It is to be noted that the Company only has a first security interest in the receivables for each transaction.

2.4 Investment objective and asset management

The stated objective of the Manager’s activities is to achieve high return on the portfolio of WH Facilities and minimise principal loss. The Manager absorbs losses of the Company by providing the junior tranche (the “Reserve Fund Loan”) to the Company. The Manager’s objective is to retain or improve the BBB rating of the Senior Obligations of the Company.

The investment policy of the Manager includes that the customers:

- are SME clients based in the Netherlands,
- have at least 10 active debtors, and
- have a portfolio of receivables of at least €25 thousand.

Furthermore, the investment policy of the Manager includes that the uninsured debtors:

- must be in the Netherlands, Belgium, the United Kingdom or Germany, and
- must have payment terms less than 90 days unless insured.

And for insured debtors:

- the credit insurance must cover political risk and country risk, and
- must have payment terms less than the maximum insured period.

The Manager's selection of assets in the portfolio is based on company specific credit analysis using data received from the SME as well as data provided by the Calculation Agent.

During the life of a WH Facility, the Manager states that on a daily basis it checks the performance of the assets as daily calculated by the Calculation Agent and if needed checks with the SME client or its debtors.

If there are triggers hit on one of the SME clients or its debtors, the Manager initiates the activities to recover the debt and decides on any legal action to be taken. The Manager states that it will perform this within one day of such trigger occurring.

2.5 Risk position and risk management

The Company has the target to maintain a BBB rating or better. In order to retain the rating, the Company manages the advances it provides on the portfolios of receivables it purchases on a daily basis. As an effect, when the risk of the underlying portfolio increases, it increases its buffers fast, and therefore may retain the same risk position.

On top of the advances the company retains the capital buffer, this buffer is at least 11% of the WH Facilities outstanding and an absolute minimum of €0.5 million. The capital buffer at the end of the year was €0.8 million and 17% of the WH Facilities, exceeding the minimum values.

The Company retained its BBB rating this year.

2.6 Liquidity position and liquidity management

In accordance with the requirements in the prospectus, the Company maintains a liquidity ratio of at least 100%. A ratio of 100% indicates that the current finance duration equals the duration of the commitments to purchase receivables from customers. The ratio is calculated at least on a daily basis by the Calculation Agent.

The liquidity coverage ratio at the end of the year was 100%.

2.7 Business and results for the period

The financial income of the company amounted to €0.2 million. All income of the company was applied to servicing fees, interest and other financial costs. The Company provided €2.6m in new facilities to purchase receivables. The total amount of commitments grew with €2.8 million to €7 million.

2.8 Subsequent events

No significant event occurred in 2017 to the date of this report.

2.9 Outlook

The Company will continue in 2017 its operations in the same way. The Manager is expected to grow the limits outstanding and the amount of receivables purchased in 2017.

Amsterdam 4 May 2017

Signed by the director

Commenda International BV, Frederik Redelé

3 Balance sheet

At 31 December 2016 in € 1000.-

(before profit appropriation)

ASSETS	*notes*	31-12-2016	31-12-2015
Current assets			
WH Facilities	7.1	4,965	2,560
Trade and other receivables	7.2	32	14
Cash and cash equivalents	7.3	1,530	227
Total assets		**6,527**	**2,801**

LIABILITIES			
Shareholders' equity	7.4	0	0
Issues share capital		0	0
Retained earnings		0	0
Result for the period		0	0
Non-Current liabilities			
Senior secured bonds	7.5	5,375	246
Mezzanine secured bonds	7.5	300	0
Reserve Fund Loan	7.6	501	501
Current liabilities			
Senior secured bonds	7.5	217	1,873
Mezzanine secured bonds	7.5	0	150
Other payables and accrued expenses	7.7	134	31
Total liabilities		**6,527**	**2,801**

4 Profit and loss account

For the period 1 January 2016 until 31 December 2016 in €1,000

	Notes	**2016**	**2015**
FINANCIAL INCOME AND EXPENSES			
Interest income	8.1	5	2
Interest expenses	8.2	-331	-86
Financial income and expenses	8.3	430	209
Impairment charges	8.4	-119	-92
Attribution of impairment to liabilities	8.5	193	137
Total financial income and expenses		**178**	**170**
OPERATING INCOME AND EXPENSES			
Operating income		0	0
Administrative expenses	8.6	-178	-170
Net Operating result		**-178**	**-170**
Result from ordinary activities before taxation		**0**	**0**
Income tax		0	0
Net result		**0**	**0**

5 Cashflow

For the period 1 January 2016 until 31 December 2016 in €1,000

	2016	2015
CASH FLOWS FROM OPERATIONAL ACTIVITIES		
Interest received	5	2
Interest paid	-208	-55
Other financial income received	0	0
Operational income received	0	0
Administrative expenses paid	-107	-116
Taxes	18	0
Net cash from operational activities	**-292**	**-169**
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Investment in WH facilities	-2,200	-2,120
Net cash used in investment activities	**-2,200**	**-2,120**
CASH FLOWS FROM FINANCING ACTIVITIES		
Received from bonds issued	5,527	2,088
Paid for bonds redemption	-1,925	-25
Received from additions to Reserve Fund Loan	193	452
Withdrawals from the Reserve Fund Loan	0	-85
Net cash flow from financing activities	**3,795**	**2,430**
Change in cash and cash equivalents	**1303**	**141**
Balance at 1 January	**227**	**86**
Movement for the year	**1,303**	**141**
Balance at 31 December	**1,530**	**227**

6 Notes to the financial statements

6.1 General

Relationship with parent company

The foundation Trade Receivable Standards Board, having its statutory address at Joop Geesinkweg 186, 1114AB Amsterdam, established under Dutch law and is the (ultimate) parent of the Company. The foundation holds 100% of the shares in the Company.

The foundation maintains the standards for the documentation for the assets the Company invests in.

The foundation provides no warranties or guarantees to the Company, nor to the Companies customers, financiers and servicers. The companies with which the Company forms a group under the foundation Trade Receivable Standards Board, do not have any relationship either contractual or operational with each other. There is no recourse to any of the assets of the parent company or its sister companies.

Relationship with the Manager

The Manager provided the Reserve Fund Loan to the Company, which has a minimum value of 1% of the WH Facilities and €0.5 million.

The Manager initiates all transactions the company enters into, including the entering into WH Facilities, the issuance of bonds, the drawing under loans and depositing of funds. Furthermore, the Manager is responsible for deciding to implement triggers and to take decisions on legal proceedings against clients.

The Corporate Service Provider controls that all transactions that the Manager initiates comply with the standards that have been agreed with each of the funders of the Company and under the Assets.

When the capital or minimum liquidity fall below the minimum standard, the Company will no longer follow the transactions or activities initiated by the Manager, but will manage the portfolio down in the interest of the finance providers.

Financial Reporting period

These financial statements cover the year 2016, which ended at the balance sheet date of 31 December 2016.

Basis of preparation

The financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code.

The accounting policies applied for measuring assets and liabilities and the determination of result are based on the historical cost convention, unless otherwise stated in the further principles.

Going concern

These financial statements have been prepared on the basis of the going concern assumption.

6.2 Accounting policies

6.2.1 General

Assets and liabilities are measured at amortized cost value, unless otherwise stated in the further principles.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow of resources embodying economic benefits and the amount of the obligation can be measured reliably.

An asset or liability that is recognised in the balance sheet, remains on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability.

An asset or liability is no longer recognised in the balance sheet when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability being transferred to a third party. Further, assets and liabilities are no longer recognised in the balance sheet if economic benefits are no longer probable and/or cannot be measured reliably anymore.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

Revenues and expenses are allocated to the period to which they relate. Revenues are recognized when the company has transferred the significant risks and rewards of ownership of the goods to the buyer.

The financial statements are presented in euros, the company's functional currency. All financial information in euros has been rounded to the nearest thousand.

Use of estimates

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. Actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

The following accounting policies are in the opinion of management the most critical for the purpose of presenting the financial position and require estimates and assumptions:

- Value of WH Facilities

Transactions in foreign currencies and hedging

The Company operates in Euros. The Company has not performed translations of currencies.

All assets and liabilities of the company and all invoices sent and received are denominated in Euro.

The Company has not engaged into any hedging.

Comparison with prior year

The company did not change its accounting policies.

6.2.2 Balance sheet

Financial instruments

WH Facilities granted

WH Facilities granted are carried at face value less impairment losses.

Impairment of financial assets

A financial asset that is *not* stated at (1) fair value with value changes reflected in the profit and loss account, or at (2) amortised cost or lower market value, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or the customer will enter bankruptcy, adverse changes in the payment status of debtors or , indications that a debtor or customer is approaching bankruptcy, or the disappearance of an active market for a security.

The entity considers evidence of impairment for financial assets measured at amortised cost (loan and receivables and financial assets that are held to maturity) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those individually significant assets found not to be specifically impaired and assets that are not individually significant are then collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of collections and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset stated at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognised in the profit and loss account and reflected in an allowance account against loans and receivables or investment securities held to maturity.

When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through profit or loss (up to the amount of the original cost).

Non-current and current liabilities and other financial commitments

Non-current and current liabilities and other financial commitments are valued at fair value at initial recognition and subsequently measured at amortized cost on the basis of the effective interest method.

Redemption payments regarding non-current liabilities that are due next year, are presented under current liabilities.

Derivatives

The Company does not use derivative financial instruments and does not hold a trading portfolio.

Cash and cash equivalents

Cash is stated at nominal value.

No cash is held in foreign currencies.

Off balance sheet commitments

The Company has an obligation to fund purchases of receivables under WH Facilities up to the limits its sets until the end date of such limit.

6.2.3 Profit and loss

Financial income and expenses

Interest income and interest expense is recognized on a time weighted basis, taking into account the effective interest rate for the relating assets and liabilities.

The income under WH Facilities is received on a daily basis, as such is recognised daily.

Impairment charges and attribution of impairment to liabilities are recorded on the day such impairment occurs.

Operating income and expenses

Administrative expenses are recognised when obligations are incurred.

Corporate income tax

Taxation is calculated on the reported pre-tax result, at the prevailing tax rates, taking account of any losses carried forward from previous financial years and tax-exempt items and non-deductible expenses and using tax facilities.

6.2.4 Cash flow statement

The cash flow statement is prepared using the direct method.

The liquidities in the cash flow statement comprise of current balances with banks.

6.2.5 Related party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the Company are considered a related party. In addition, statutory directors and close relatives are regarded as related parties.

All transactions are executed at normal market condition. In 2016 there were no extraordinary transactions between related parties.

6.3 Financial risk management

6.3.1 General

The Company transforms the WH Facility profile which changes on a daily basis to the financial liabilities it has. The Manager is engaged to optimise this Cashflow transformation.

The transformation is in terms of risk; the Company issues instruments in three levels of risk: senior, mezzanine and junior (the Reserve Fund Loan).

The transformation is also in terms of duration; the Company matches the duration of its commitments to fund WH Facilities with the duration of its funding outstanding.

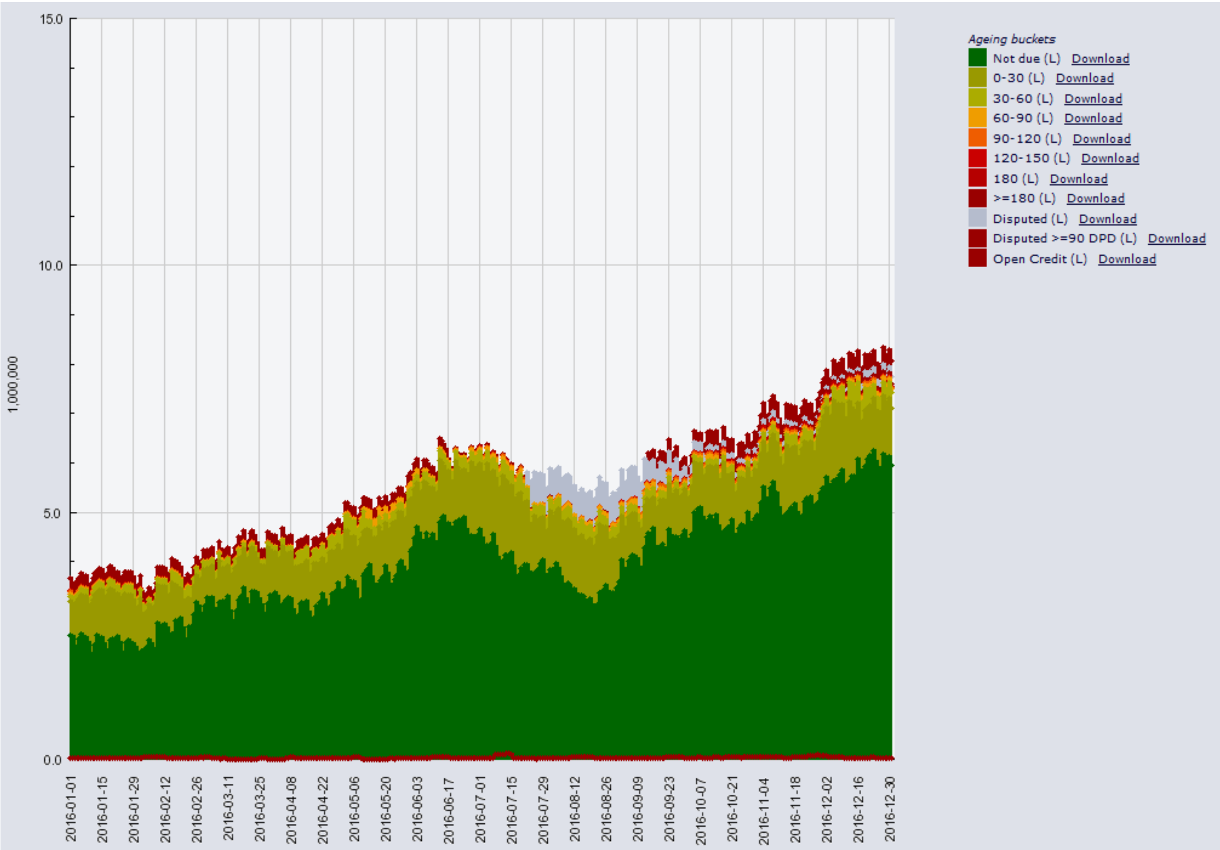
6.3.2 Credit risk

Credit risk arise from the WH Facilities provided by the Company.

The WH Facilities all benefit from dynamic collateral; the collateral is adjusted daily in relation to the underlying risk of the portfolio. As a consequence, the migration of risk of the WH Facilities is damped.

Furthermore, the Manager, who is incentivised by it providing the Reserve Fund Loan, endeavours that suitable WH Facilities are provided and monitors the portfolio constantly.

The Company, through the Calculation Agent, provides web-based access to real time reporting on the risk of the portfolio for financiers, investors and other involved parties like rating agents and auditors. As an example, the below chart provides the ageing of the portfolio in 2016:



During 2016, two customers went bankrupt. The first in June, of which all outstanding finance was recovered by September. The second defaulted in October, for which collection efforts are ongoing.

6.3.3 Credit risk mitigating aspects

In respect of the Company the risks are mitigated amongst others by:

- The risk management infrastructure in TRFI B.V.
- The excess collateral in each WH Facility the Company provides, which is at least 50% of the WH Facilities
- The insurance available in TRFI. At the end of the year no trade receivables were insured by a credit insurance company. At the date of this report, over 38% of the trade receivables were insured.
- The activities of the Manager
- The controls provided by the Calculation Agent
- The controls provided by the Corporate Service Provider

In respect of the Mezzanine providers the risk is further mitigated by:

- The availability of the subordinated Reserve Fund Loan of at least 1% of the WH Facilities and €0.5 million.
- The excess spread available the WH Facility fees and the funding cost.

In respect of the Senior providers including the risk is further mitigated by:

- The risk absorption of the mezzanine, which together with the Reserve Fund Loan is at least 11% of the WH Facilities
- The collateral provided by the Company and the management by the Security Agent

6.3.4 Interest rate risk

Under the WH Facilities the Company receives fees. The Manager sets the fee rate that the Company receives and endeavours that these fees exceed the total cost of the Company, of which interest cost are the major element. The fees on the WH Facilities consist of a commitment fee and a fee based on the size of the WH Facility. The fees are a fixed percentage per annum and charged on a daily basis.

The bonds issued by the Company have a fixed interest rate. Provided that the WH Facilities continue to have a suitable level the Company can cover the interest rates on the bonds. Furthermore, the Company has the Reserve Fund Loan available to mitigate interest payment risk.

6.3.5 Currency risk

The Company is not exposed to currency risk.

6.3.6 Liquidity risk

The Company enters into commitments under the WH Facilities that have a duration set by the Manager. The WH Facilities change in face value every day on the basis of the change in the underlying amount of the receivables and their valuation. The Company must repay its debt in accordance with the maturity date of the bonds. Consequently, the company may run liquidity risk.

The Company measures its liquidity risk through the liquidity ratio provided by the Calculation Agent. The Manager is engaged to optimise the liquidity ratio. The Company under the guidance of the Manager has the following liquidity management tools:

- Pre-payment of bonds;
- Re-purchase of bonds;
- Extension of the bonds in return for an increase of the rate;
- Deposit facilities.

7 Notes on the Balance Sheet

7.1 WH Facilities

	31-12-2016	31-12-2015
WH facilities	4,774	2,150
WH facilities current	191	410
Total	**4,965**	**2,560**

WH Facilities is a collection of facilities pursuant to which the Company provides to TRFI with part of the purchase prices of receivables in return for a first right to the cash flow from the invoices up to the purchase prices plus a fee. The WH Facilities bear no interest and repayment terms have not been specified.

The WH facilities current amount is available on demand to the Company.

Under the WH Facilities the Company has a conditional obligation to fund the purchase trade receivables by TRFI B.V. up to a limit under the WH Facilities. The WH Facility limits were as follows:

	31-12-2016	31-12-2015
Commitments shorter than 1 year	7,020	4,265
Commitments longer than 1 year	0	0
Total	**7,020**	**4,265**

7.2 Trade and other receivables

	31-12-2016	31-12-2015
Value Added Tax receivables	3	14
Prepayment	29	
Total	**32**	**14**

7.3 Cash and cash equivalents

Cash	31-12-2016	31-12-2015
Cash on the current accounts	300	226
Cash on deposit accounts	1,230	1
Total	**1,530**	**227**

Cash and cash equivalents include cash in bank and cash on bank deposits that are available on demand.

7.4 Equity

There were no movements in the Shareholders' equity in 2016 nor in 2015. The below chart is the same for 2016 and 2015.

	Issued share capital	Retained earnings	Results for the period
Balance as of start of the year	0	0	0
Allocation of results	0	0	0
Results for the year	0	0	0
Balance as of 31 December 2016	**0**	**0**	**0**

The authorized capital of the Company amounts to €90 thousand, divided into 90,000 ordinary shares each of €1. At the end of the year 1 ordinary shares are issued and fully paid.

7.5 Bonds outstanding

The bonds outstanding was:

	Balance as at 31-12-2015	*Balance as at 31-12-2016*	Repayment < 1 year	Repayment > 1 year
Senior Secured Bonds	2,121	5,612	217	5,395
Mezzanine Secured Bonds	150	300	0	300
Total	**2,271**	**5,912**	**217**	**5,695**
Discounts	-2	-20	0	-20
Total	**2,269**	**5,892**	**217**	**5675**

The discount relates to a discount at which the bond was issued.

The Company has the following bonds outstanding at 31-12-2016:

Series	**Seniority**	**Outstanding**	**Maturity**
13	Mezzanine	100	2019-07-19
18	Senior	37	2018-02-02
23	Senior	217	2017-12-21
24	Senior	25	2018-12-21
21 (listed bond)	Senior	5,033	2018-01-08
25	Mezzanine	200	2019-04-01
26	Senior	100	2019-06-20
27	Senior	100	2018-11-15
28	Senior	100	2019-12-29
Total		**5,912**	

The bonds all have the option to pre-pay at any time, with a pre-payment penalty.

The bonds have a legal maturity of 90 days after the maturity date in case the company requires the funding for its obligations in return for an increased interest rate.

The fair value approximates the book value.

7.6 Reserve Fund Loan

The Reserve Fund Loan was provided by the Manager Netwerk Financiering B.V. The Reserve Fund absorbs losses in WH Facilities in return for the excess spread in the Company.

The Reserve Fund Loan is required to be at least 1% of the nominal value of outstanding WH Facilities with a minimal value of € 500 thousand. Furthermore, the Reserve Fund Loan plus the Mezzanine must be at least 11% of the WH Facilities outstanding.

The Reserve Fund Loan has no maturity and no interest rate attached. The Manager may withdraw funds from the Reserve Fund Loan provided that the amounts exceeds the minimum amounts.

	31-12-2016	31-12-2015
Amount start	501	271
Amount paid up	193	452
Amounts withdrawn	0	-85
Provisions	-119	-92
Reserve return	-74	-45
Total	**501**	**501**

7.7 Other payables and accrued expenses

	31-12-2016	31-12-2015
Accounting and consultancy cost payable	8	7
Interest accrual	126	24
Other	0	0
Total	**134**	**31**

The interest accrual is for the bonds, mainly for the listed bond.

7.8 Other disclosures

7.8.1 Off-balance sheet assets and liabilities

The Company has an obligation to fund purchases of receivables under WH Facilities up to the limits its sets until the end date of such limit. The limits are disclosed under 7.1.

The Company's management and Servicers are not aware of any claims that could have a material value.

8 Notes on the profit and loss account

8.1 Interest income

The interest income concerns the interest on the deposit account. The company holds a deposit account at KNAB Bank. KNAB bank is part of Achmea group and is rated A- Standard and Poors, A3 Moody's. and Fitch A .

8.2 Interest expenses

The interest expenses are related to the bonds.

The bonds have fixed interest rate. The listed bond pays semi-annual coupons and the other series monthly.

8.3 Financial income and expenses

Other financial income concerns the return on the WH Facilities.

8.4 Impairment charges

These are charges to WH Facilities as a result of credit issues.

8.5 Attribution of impairment to liabilities

	2016	2015
Reserve Fund Loan WH Facility provision	119	92
Reserve Fund Loan return	74	45
Total	**193**	**137**

The WH Facilities incurred a deduction in 2016 in respect of bad debt provisions on the WH Facilities. The bad debt deduction is made good by the Reserve Fund Loan.

The Reserve Fund Loan Return is a deduction from the Reserve Fund Loan to cover the negative return of the company.

8.6 Administrative expenses

The breakdown of external costs by revenue category is as follows:

	2016	2015
Arranger fees	8	48
Corporate Service Provider	24	26
Accounting	1	3
Audit	8	6
Bank expenses	1	0
Listing expenses	21	13
Other	0	1
Rating agency expenses	19	16
WH Facility Expenses	96	57
Total	**178**	**170**

WH Facility Expenses are expense incurred by TRFI B.V. attributable to TRFI Funding B.V.

8.7 Other disclosures

8.7.1 Average number of employees

During the year under review the Company did not employ any personnel (2015: Nil) and, consequently, no payments for wages, salaries or social securities were made.

8.7.2 Subsequent events

No significant event occurred in 2017 to the date of this report.

Directors confirmation

Amsterdam, 4 May 2017

Signed by the director

Commenda International BV, Frederik Redelé

9 Other information

9.1 Provision in the articles if association governing the appropriation of profits

According to the statutory provisions the result after taxes is at the disposal of the General Meeting.

9.2 Auditor's report

Independent auditor's report

To: the General Meeting of Shareholders TRFI Funding B.V.

Report on the accompanying financial statements 2016

Our opinion

In our opinion the financial statements give a true and fair view of the financial position of TRFI Funding B.V. as at 31 December 2016, and of its result and its cash flows for 2016 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

What we have audited

We have audited the financial statements 2016 of TRFI Funding B.V., based in Amsterdam. The financial statements comprise:

1. the balance sheet as at 31 December 2016;
2. the following statements for 2016: profit and loss account and cash flow statement; and
3. the notes comprising a summary of the significant 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 TRFI Funding 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit approach

Summary

Unqualified audit opinion

Materiality
- Overall materiality of EUR 65.000
- Approximately 1% of total asset

Key audit matter
Valuation of the WareHouse Facility

Materiality
Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 65.000 (Prior year: EUR 27.000). The materiality is determined with reference to total assets (approximately 1%). We consider total assets as the most appropriate benchmark, as the holders of the Notes issued by the company are entitled to the proceeds from the assets of the entity. Due to the nature and objective of the Entity total assets have increased to last year, resulting in a different materiality this year. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with Management that misstatements in excess of EUR 3.000 (Prior year: EUR 1.000) which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matter
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matter to Management. The key audit matter is not a comprehensive reflection of all matters discussed.

This matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Given the company's activities are of a long-term, predefined nature, the matters that have the greatest effect on our audit are subject to little change year on year. As a result, there have not been any significant changes in our key audit matters compared to prior year.

Estimation uncertainty in relation to the valuation of the WareHouse Facility

Description

The company is a financing entity entering into WareHouse Facility financing arrangements with TRFI B.V. The company has no substantial assets other than the loans to TRFI B.V. The company is therefore interrelated and dependent on the performance of TRFI B.V. for repayment of its limited recourse debt instrument and meeting its financial obligations towards the Note Holders. This is highlighted in note 7.1 of the financial statements. Given this pervasive impact on the financial statements of the company we considered this a key audit matter.

Our response

We challenged the key assumptions used by Management in determining the value of the WareHouse Facility. Our audit procedures included an assessment of the robustness of the financial position and liquidity of TRFI B.V. to assess whether TRFI B.V. is able to meet its contractual obligations. To this end we have performed the following procedures with respect to the exposure on TRFI B.V.:

- Inspected the audited 2016 financial statements of TRFI B.V.
- Considered our work performed as auditor of TRFI B.V.
- Discussed settlement and follow-up on defaults of purchased trade receivables after balance sheet date with the management of TRFI B.V.

Furthermore, we considered the adequacy of Management's 'disclosures in note 6.2 "Accounting Principles" to the financial statements in respect of the sensitivity of the determined value to changes in these key assumptions.

Our observation

We observed that the value of WareHouse Facility has been estimated in a balanced manner for the purpose of the financial statements and that the disclosure in note 7.1 appropriately describes the inherent degree of subjectivity in the estimates.

Report on the other information 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:

- the Managing Directors Report;
- other information pursuant to Part 9 of Book 2 of the Netherlands Civil Code;

Based on the below 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 Netherlands 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 Netherlands 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 the other information, including the Managing Directors' Report in accordance with Part 9 of Book 2 of the Netherlands Civil Code and other Information pursuant to Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged in 2015 by Management for the first time as auditor of TRFI Funding B.V. and operated as statutory auditor since then.

Description of the responsibilities for 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 Netherlands 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 errors or fraud.

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 financial statements

Our objective is to plan and perform the audit 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 have detected all material errors and fraud during the audit.

Misstatements can arise from fraud or error and are considered material if, individually or in 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.

For a further description of our responsibilities in respect of an audit of financial statements we refer to the website of the professional body for accountants in the Netherlands (NBA) https://www.nba.nl/Documents/Tools%20Vaktechniek/Standaardpassages/Standaardpassage_nieuwe_controletekst_oob_variant_%20Engels.docx

Amstelveen, 4 May 2017

KPMG Accountants N.V.

H.P. van der Horst RA