a.s.r.
de nederlandse
vermogens
beheerders

ASR Private Debt Fund I Annual Report 2021

General information ASR Private Debt Fund I

Supervisory Board
Mr. B. Vliegenthart (chairman)
Mr. R.M.W.J. Beetsma
Mr. O.J. Labe

Office address of the Manager
ASR Vermogensbeheer N.V.
Archimedeslaan 10
3584 BA Utrecht
Website: www.asrvermogensbeheer.nl
Commercial Register of the Chamber of Commerce in Utrecht, number 30227237

Board of the Manager
Mr. J.Th.M. Julicher
Mr. M.R. Lavooi
Mrs. W.M. Schouten

Legal owner of the investments
Stichting Juridisch Eigenaar ASR Private Debt Fund I
Archimedeslaan 10
3584 BA Utrecht

Depositary
BNP Paribas Securities Services SCA
Herengracht 595
1017 CE Amsterdam

External Auditor
KPMG Accountants N.V.
Papendorpseweg 83
3528 BJ Utrecht

Legal Advisor of the Manager
NautaDutilh N.V.
Beethovenstraat 400
1082 PR Amsterdam

Date of incorporation
1 January 2021

Click the titles below to quickly find your information. Do you want to search? Then click on 'Table of contents'.

Table of contents

Management board's report

General

ASR Vermogensbeheer N.V. (hereinafter referred to as 'a.s.r. vermogensbeheer' or 'the Manager') is the AIF (Alternative Investment Fund) manager of the ASR Private Debt Fund I (the 'Fund'). a.s.r. vermogensbeheer has its registered office in Utrecht and is listed in the Commercial Register of the Chamber of Commerce in Utrecht under number 30227237. a.s.r. vermogensbeheer is wholly owned by ASR Nederland N.V.

a.s.r. vermogensbeheer's objective is to manage investment institutions and to provide investment services to group companies of ASR Nederland N.V. (hereinafter referred to as 'a.s.r.' or 'ASR Nederland') and on behalf of third parties. a.s.r. vermogensbeheer offers investment services for pension funds, insurers, guarantee and donor-advised funds, charitable organizations, regional authorities, healthcare and educational institutions, network companies, housing associations, etc. a.s.r. vermogensbeheer offers institutional investment funds and individual asset management mandates as well. The product range consists of European corporate bonds, interest rate overlay, European government bonds, global stocks, balanced mandates, tailored bond portfolios, private debt, structured fixed income and mortgages. Other investment categories are purchased by a.s.r. vermogensbeheer in accordance with a.s.r.'s quality and sustainability criteria.

a.s.r. vermogensbeheer does not employ any staff members. All activities are carried out by employees of ASR Nederland N.V.

Management of investment institutions (collective asset management) – AIFM license
a.s.r. vermogensbeheer holds a license as manager of alternative investment institutions as referred to in Section 2:65 (1) (a) of the Financial Supervision Act (Wet op het financieel toezicht, "Wft"). This relates to the license under the AIFMD (Alternative Investment Fund Managers Directive). Pursuant to Section 1: 102, paragraph 2, of the Wft, the scope of the license is limited to the offering of participations in:

- investment institutions that invest in financial instruments; and
- investment institutions that invest in mortgage claims;
- investment institutions that invest in private loans (non-tradeable bonds or other non-tradeable debt instruments).

Under this license, a.s.r. vermogensbeheer acts as the manager of amongst other the following alternative investment institutions: ASR Duurzaam Amerikaanse Aandelen Fonds, ASR Vooruit Mixfondsen, ASR ESG IndexPlus Institutionele Fondsen, ASR ESG IndexPlus Fondsen, ASR Mortgage Fund, ASR Separate Account Mortgage Fund, ASR Private Debt Fund I, ASR Kapitaalmarkt Fonds, ASR Duurzaam Institutioneel Vermogensbeheer Beleggingsfondsen, Loyalis Global Funds, First Liability Matching N.V. and the Luxembourg alternative investment fund ASR Fonds SICAV ('Société d'investissement à Capital Variable').

The license of a.s.r. vermogensbeheer has been extended with a license to manage or offer money market funds (MMFs), on the basis of Article 4 of the Money Market Fund Regulation (MMFR).

a.s.r. vermogensbeheer also acts as the manager of a number of investment funds which are not subject to a license obligation. Pursuant to Section 1:13a (1) (g) of the Wft, the management of these investment vehicles is exempt from the obligations set out in the Wft and derived regulations, and the management is therefore not subject to supervision by the Dutch Authority for the Financial Markets (AFM). These are investment funds in which group companies of ASR Nederland N.V. invests, such as ASR Pensioen Mixfondsen, ASR Pensioen Staatsobligatiefonds 15+ Jaar, ASR Pensioen Staatsobligatiefonds 10-15 Jaar, ASR Pensioen Staatsobligatiefonds 20+ Jaar, ASR Beleggingsmixfondsen, ASR Beleggingspools, ASR Basisfondsen, ASR Paraplufonds and ASR Duurzaam Wereldwijd Aandelen Fonds.

back to contents >

Providing investment services (amongst other individual asset management)
Pursuant to Section 2:67a(2), paragraphs (a), (b) and (d), of the Financial Supervision Act (Wft), a.s.r. vermogensbeheer is also permitted to offer the following investment services to both professional and non-professional investors:
(a) Managing individual assets;
(b) Providing investment advice on financial instruments;
(d) Receiving and forwarding orders with regard to financial instruments.

These services are regulated in the Wft and the MiFID II (Markets In Financial Instruments Directive).
On this basis, a.s.r. vermogensbeheer acts as an individual asset manager on behalf of the group companies of ASR Nederland N.V., such as entities subject to supervision (OTSOs) and for third parties with external mandates.

Profile

Structure of the Fund

The Fund is classified as an Alternative Investment Fund (AIF) and was established on 1 January 2021. The Fund is structured as a closed-end tax transparent fund. The Fund is open to Professional Investors only.

The Fund has a Commitment Period, during which the Manager can accept commitments from new and existing participants. This term ends in principle eighteen months after the Initial Closing Date (1 January 2021). The Fund has an Investment Period, during which the Fund can invest in Private Debt Loans. This term ends in principle 36 months after the Initial Closing Date. Both the Commitment Period and the Investment Period may be extended under certain conditions as explained in the Information Memorandum.

The end date of the Fund is ten years after the Initial Closing Date. This term may be extended by the Participants. At a Subsequent Closing (during the Commitment Period), new Participants will be admitted to the Fund. The funds contributed to the Fund by the newly admitted Participants shall be used to redeem Participations of the existing Participants for such amounts that all Participants shall have the same percentage of their Commitment contributed to the Fund.

Investment objective and philosophy of the Fund

The Fund offers Participants the opportunity to invest in a broadly diversified portfolio of Private Debt Loans originated in cooperation with sourcing partners that are considered eligible by the Manager for this purpose. Currently, the Fund cooperates with three sourcing partners: Rabobank, NIBC and Triodos. The investment objective of the Fund is generating income for the benefit of the Participants seeking an attractive risk adjusted return (unleveraged) due to the illiquid character of Private Debt Loans compared with traditional fixed income investments such as corporate bonds. The Fund does not follow a benchmark.

The Fund is managed in compliance with the ESG policy drafted by the Manager. To achieve the investment objective, the Private Debt Loans in which the Fund invests have amongst other the following characteristics at origination:

- The Fund aims to invest mainly in Private Debt Loans (in primary and secondary markets) which are granted to companies with registered offices in the Netherlands, Belgium, Luxembourg or Germany.
- Private Debt Loans investments will exclusively be denominated in Euro.
- The Fund invests in Private Debt Loans on pari passu basis with co-lenders.
- The Private Debt Loans will at the time of acquisition by the Fund exclusively be senior loans.
- The investments are in principle held until the maturity date of these Private Debt Loans.
- The Fund targets to invest all Capital Commitments it received in Private Debt Loans during the Investment Period.
- The target weighted average life of the portfolio of Private Debt Loans shall be between 3 and 5 years measured at the end of the Investment Period of the Fund.
- The maturity of any investment when it is entered into shall not exceed the remaining term of the Fund (total of in principle 10 years) as from the date of completion of such investment.
- The target weighted average (implied) credit rating of the portfolio of Investments is BB or higher measured at the end of the Investment Period. The minimum investable Private Debt Loan (implied) rating shall be with a B rating or higher.
- The Fund shall in principle aim for a minimum participation of EUR 5 million and maximum EUR 35 million per Private Debt Loan.

Manager and Legal Owner

The Fund has a Manager and a Legal Owner. The Manager of the Fund is a.s.r. vermogensbeheer. a.s.r. vermogensbeheer holds a license issued by the Dutch Authority for the Financial Markets (‘AFM’) as referred to in Section 2:65 and 2:67a, paragraph 2(a), (b) and (d) of the Financial Supervision Act (Wet op het financieel toezicht).

The Legal Owner of the Fund is Stichting Juridisch Eigenaar ASR Private Debt Fund I. The Legal Owner has its registered office in Utrecht and is registered in the Commercial Register of the Chamber of Commerce under number 78015278.

The relationship between the Manager and the Legal Owner is set out in an agreement (‘Agreement of Management and Custody’). This agreement governs the appointment of the Manager and determines the conditions under which the Manager is charged with the management of the Fund’s assets.

back to contents >

Depositary
BNP Paribas Securities Services SCA has been appointed Depositary of the Fund. The Depositary is an entity subject to regulatory supervision whose legal responsibilities include monitoring cash flows, complying with investment policy and verifying the ownership of the financial assets within the Fund.

Alternative Investment Fund Managers Directive (AIFMD)
a.s.r. vermogensbeheer holds an AIFMD license and meets the requirements applicable to an AIFM, a more detailed description of which can be found in the report of the Manager. These requirements include the appointment of an independent depositary and having a risk management policy, a conflict of interest policy, an outsourcing policy, a remuneration policy (see also www.asr.nl) and a fund assets valuation policy. The requirements also relate to the annual reporting and capital requirements for the Manager and the Depositary.

Investment committee
If an Investment Committee is installed (after the minimum threshold regarding the number of Participants is reached), the following acts of the Manager require the prior written approval of the Investment Committee:
(a) credit approvals exceeding the amount of EUR 25 million (twenty-five million euro);
(b) commencement of a material litigation;
(c) transactions or agreements which involve a conflict of interest on the part of either the Manager or any of its Affiliates, or a Participant.

As at 31 December 2021, the minimum threshold is not reached.

Supervisory Board
The Fund has a Supervisory Board. The Supervisory Board is responsible for supervising the Manager's policy and performance of tasks and the general state of affairs within the Fund. The Supervisory Board is also charged with supervising compliance by the Manager with the Fund Governance Code and advises the Manager. The Supervisory Board's tasks and activities are set out in the Fund Conditions and the Supervisory Board regulations as referred to in Article 19 of the Fund Conditions. In fulfilling their duties, the members of the Supervisory Board will focus on the interest of the Fund and the collective interests of all participants in the Fund.

Meetings of participants
A Meeting of Participants is held at least once a year, subject to the relevant provisions of the Information Memorandum.

Distribution of interest income and repayments
During the Investment Period, repayments on loans will be reinvested and interest income is available for distribution. After this period, both repayments and interest income will be available for distribution. At the beginning of each quarter, the amount available for distribution generated in the preceding quarter is distributed to the Participants (after settling fees and costs payable). Participations will receive an equal share of the interest income of the preceding quarter.

Costs and fees
New Participants shall pay an Entry Fee to the Fund in accordance with the Information Memorandum. The Fund shall pay the Entry Fee at a pro rata basis to the Existing Participants.

Transactions with related parties
Where transactions are conducted with parties related to ASR Nederland, they will take place on the basis of conditions in line with the market. Where such transactions take place outside a regulated market, they will be carried out on an arm's length basis. If the transaction with a related party involves the issue and/or purchase of participation rights in an investment institution, the consideration will be calculated in the same way as for any other participant. In that case, an independent value assessment will not take place.

Available documentation
The articles of association of the Manager and the Depositary are available for inspection at the offices of the Manager. A copy of the Manager's license and of the Articles of Association can be obtained free of charge. Current information about the Fund, as well as the Information Memorandum, the annual report and the semi-annual report can be obtained from the Manager free of charge upon written request. This information will also be published on the Manager's website.

Complaints
Complaints may be submitted in writing to the Manager at the following address.

ASR Vermogensbeheer N.V.
Archimedeslaan 10
3584 BA Utrecht
The Netherlands

The Manager is registered with the Netherlands Financial Services Complaints Tribunal (KiFiD).

Report of the Manager

Key figures
During 2021, the ASR Private Debt Fund I Net Assets increased to €490 million. At 1 January 2021 (the Initial Closing Date), the Fund acquired a portfolio of Private Debt Loans (€202 million) from Group companies of ASR Nederland in exchange for Participations. The remaining increase was mainly due to new loans provided (less instalments on existing loans). Refer to section 'return and portfolio policy' for an extensive description of the developments within the portfolio.

Developments affecting the Fund during the reporting period

Sustainable Finance Disclosure Regulation
As from March 2021, the new disclosure obligations from the Sustainable Finance Disclosure Regulation (SFDR) are applicable. The Fund is a financial product that promotes environmental and social characteristics but does not have sustainable investments as its objective. As such, it is classified as an Article 8 product under the SFDR. Within the Information Memorandum of the Fund more information is provided with respect to the investment strategy, the characteristics and indicators and the mitigation of sustainability risks. The periodic disclosure as referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852, is included in Appendix 2.

Risk management

Manager's risk structure
Risk management is the continuous and systematic risk monitoring of the organization and its activities in order to consciously take risks, reduce the likelihood of risks materializing or limit the consequences of such events.
The objectives are controlled and ethical business practices, compliance with the laws and regulations and to act in the interest of the Participants. The key to this is ensuring that the main risks that affect management are identified and clarified so that appropriate management measures can be taken and the effectiveness of these measures can be monitored.

In line with the AIFMD legislation (Article 80), responsibility for risk management is a separate activity within the Manager's organization. In accordance with the AIFM Directive, a distinction is made between risks relating to the funds and risks relating to the Manager's organization.

The director responsible for risk management at a.s.r. vermogensbeheer reports on risk management in relation to funds subject to supervision directly to the CEO (Chief Executive Officer) of ASR Nederland N.V. The risk management of a.s.r. vermogensbeheer complies with the Risk Charter that applies within ASR Nederland N.V. In accordance with the Risk Charter, a.s.r. vermogensbeheer reports for risk management of a.s.r. vermogensbeheer to the CFO (Chief Financial Officer) of ASR Nederland N.V., via the Manager's CFRO (Chief Financial and Risk Officer) and ASR Nederland N.V.'s Finance & Risk director.

a.s.r. vermogensbeheer applies the 'Three lines of defense' model as its risk management model. This model clearly sets out the responsibilities in relation to risk management. The business units within the first line of defense are responsible for the adequate management of the risks related to the business operations in the relevant business unit. The second line of defense is responsible for implementing an integrated and effective risk management framework for the first line of defense and monitoring risk management. The second line of defense is formed at ASR Nederland N.V. level and consists of the Group Risk Management division and the Integrity division (including Compliance). The Audit division forms the third line of defense and is responsible for independently assessing the effectiveness of the risk management system, the internal control structure and the soundness of the governance structure.

Risk management
The Manager uses a system of risk management measures to ensure that the Fund continuously comply with the requirements set out in the Fund Conditions and in the legal frameworks.

The Fund is sensitive to market movements in general (market risk), as well as to fluctuations in the interest rate risk, liquidity risk and credit risk. However, the maximum loss for Participants is limited to the value of the Participations they hold. The main risks involved in investing in the Fund are described in the following table. An overview of all risk factors can be found in section 9 of the Information Memorandum.

Defined risk	Explanation and mitigating measures
Credit risk	The Fund is largely exposed to the borrower's creditworthiness (credit risk). Credit risk is defined as the risk that a borrower will fail to meet its contractual obligations in accordance with agreed terms of the loan at any time during the term of the loan i.e. defaulting on interest and or repayment obligations, breaching financial covenants and other liabilities. This risk is managed by a credit approval process, in which a credit analysis is carried out and approval of the Credit Committee is needed before the loan can be acquired. If the investment concerns an investment amount in excess of EUR 25 million, approval from the Fund's Investment Committee is needed. Before the Investment Committee is installed, the Fund cannot acquire loans in excess of EUR 25 million.
Counterparty risk	Counterparty risk is the risk that business will be conducted with an unreliable or uncreditworthy party. Customer due diligence procedures and measures apply for the purpose of managing this risk. The aim of these customer due diligence procedures and measures is to manage financial and/or non-financial losses resulting from the acceptance of potentially undesirable participants and transaction parties.
Concentration risk	The Fund contains a limited number of investments and there may be a concentration of loans to companies in the same industry, while some sectors are completely excluded. As a result, the performance of a number of investments or a particular industry can affect the total fund return. To (partially) mitigate the concentration risk, limits are set in place by the Manager on exposures to single borrowers or sectors as described in the Investment Policy.
Liquidity risk	Liquidity risk is the risk that the Fund will not be able to obtain the financial resources required to meet its obligations on time, and the risk that Participants will not have sufficient opportunity to withdraw from the Fund within a reasonable timeframe. The Fund invests in Private Debt Loans which are not tradeable by nature and therefore there is no (or very limited) liquidity. During the Investment Period, only interest income is available for distributions. After the Investment Period, also repayments on loans become available for distributions. The Participations are non-transferable and will in principle not be redeemed. Participants may exit the Fund by requesting the Manager to redeem their Participations, but the Manager is not obliged to grant a redemption request. This entails that redemption may not be possible or be possible only to a very limited extent.
Operational risk	Operational risk is the risk that errors will not be identified timely or that fraud may occur due to failing or inadequate internal processes, human error or system limitations, and unexpected external events. The Manager has a system that involves monitoring procedures, measuring defined constraints and identifying where limits have been exceeded to allow swift and appropriate action and risk mitigation. An escalation procedure is available as an additional tool for the rapid resolution of situations where limits have been exceeded. The most important processes carried out within the Manager are included in a.s.r. vermogensbeheer's ISAE 3402 Type II report.
Interest-rate risk	The interest rate on the loans is mainly based on the risk-free floating interest rate plus a surcharge for credit risk. With a rising (declining) interest rate, the return on the loans therefore increases (decreases). However, the return on fixed rate loans has a negative correlation with the interest movement. Holding fixed rate loans in the Fund increases interest rate sensitivity hence increasing the duration of the Fund.

back to contents >

Defined risk	Explanation and mitigating measures
Prepayment risk	The performance of the Fund may be affected by early redemption on loans. The Private Debt Loans can be redeemed or called before the legal term. The degree to which loans are repaid early is influenced by changes in interest rates or variety of, economic, geographic and other factors over which the Manager has no control. The amount of early redemptions cannot be predicted. Prepayment Risk can be (partially) mitigated if a penalty or make-whole call provision is attached to a loan, whereby the borrower must make a payment to the lender in an amount that the lender will forgo if the borrower pays the loan off early. The penalty of make-whole clause, which benefits the fund's return, but does not compensate completely for the missed return.
Valuation risk	In the absence of a liquid market for Private Debt Loans, the fair value of the individual Fund Assets will be determined in accordance with the Valuation Method. Although the Valuation Method is in conformity with market standards and is periodically reviewed by the Manager, there is a risk of the Net Asset Value being calculated incorrectly by the Manager.

Table 1: main risks

No limits were exceeded and no incidents occurred in the reporting period that have had a material impact on the Fund. Furthermore, no significant changes or improvements to the risk management system were required.

One of the purposes of the semi-annual and annual reports is to provide an insight into the risks that have occurred at the end of the reporting period. The best way to obtain this insight is by reviewing this risk section in conjunction with the risk management paragraph as included in Section 'ASR Private Debt Fund I', which provides more detailed information on the specific portfolio risks.

Fund governance and policy regarding conflicts of interest

In order to provide the Participants with guarantees that the management of the Fund will be carried out in a controlled and ethical manner and that the services will be provided with due care as referred to in the Wft, the Manager has drawn up a code of conduct. This code of conduct has the aim of ensuring that the Manager acts in the interests of the participants in its investment funds and structures the organization of the Manager in a way that prevents conflicts of interest.

An important part of fund governance is the presence of a Supervisory Board that supervises the management of the Dutch AIFMD investment funds by the Manager. This supervisory body has the task of monitoring compliance by the Manager with its obligation to act in the interests of the participants in its investment funds.

In addition, the Manager has drawn up a policy regarding conflicts of interest for all its activities. The principles underlying the policy are the avoidance and management of conflicts of interest that could be disadvantageous to clients of the Manager, and the equal and fair treatment of clients.

The Fund Governance Code and the conflict of interest policy can be found on the Manager's Website.

Personnel

The Manager does not employ any personnel. As at 31 December 2021, 182 employees and 175 FTEs were subcontracted by a.s.r. vermogensbeheer pursuant to an employee loan agreement with ASR Nederland N.V. The personnel expenses, which are charged to a.s.r. vermogensbeheer consist entirely of fixed remuneration (AIFMD Article 22, paragraph 2 e). The Manager does not share in the investment performance as remuneration for the management of the investment funds, hence there is no question of 'carried interest' (the share of the profit of the Fund intended for the Manager of the Fund as remuneration for the management).

The table below includes the total remuneration with regard to the employees loaned by the Manager (numbers according to the end of the reporting period position). Allocation of these amounts to the Fund is not possible since relevant information is not available. Further information about the remuneration policy is included on the website (www.asr.nl).

Personnel expenses (in euros)	01-01-2021 to 31-12-2021	No. of employees
Identified Staff*	1,296,739	4**
Employees	23,514,533	178
Total	**24,811,272**	**182**

* In 2022 six Identified Staff members (no Management Board members) have been appointed in addition based on the IFD/IFR regulation.

** The 2021 Identified Staff remuneration relates to three Management Board members and one Identified Staff member.

Sustainability policy

a.s.r. as a sustainable investor
Since 2007 a.s.r. has employed a formally approved investment policy that is applied to all investments, both own investments and investments for third parties. Over the years a.s.r. has expanded its efforts from the original exclusion criteria to a focus on making a positive contribution to a more sustainable world. A regular update on this is given in our quarterly reports on sustainable business practice.

All investments managed by a.s.r. vermogensbeheer are screened using our Socially Responsible Investment (SRI) policy (see www.asrvermogensbeheer.nl) for social and environmental aspects and management criteria, etc. Countries and companies that do not meet the requirements are excluded. These include producers of controversial or conventional weapons and tobacco, the gambling industry and companies that derive most of their profits from the extraction of coal, tar sands and oil shale, the production of coal-fired electricity and nuclear energy. In addition, a.s.r. assesses companies on their compliance with international agreements such as the OECD guidelines and UN guidelines such as the Global Compact.

a.s.r. guarantees full compliance with its own SRI policy through the internal implementation by the investment departments, the compliance process and independent external assurance by Forum Ethibel.

For a.s.r., sustainability is an essential part of the investment vision. a.s.r. believes that the integration of ESG factors in the management of its investments contributes directly to the reduction of risks (both financial and reputational) and has a positive impact on long-term performance. The SRI policy of a.s.r. is embedded in internal investment practice in the following ways:

Exclusion criteria for countries and companies
a.s.r. applies a strict exclusions policy for controversial activities and controversial behaviour, which applies to all internally managed portfolios, both for its own investments and investments for third parties. Twice a year, a.s.r.publishes a revised list of excluded companies and once a year a revised list of excluded countries (https://www.asrvermogensbeheer.nl).

ESG integration / best-in-class investments
Our portfolios are at minimum characterized by above average ESG scores. Companies are analyzed on a large number of ESG criteria taking into account the materiality for the respective sector/industry sector. The overall ESG score allows us to identify the best ESG scoring companies on a certain sector. The ESG screening is carried out using external data suppliers where ESG themes such as the following ones are analyzed:
- Environment;
  - Strategic management of environmental risks;
  - (Forward looking) Carbon data;
- Labor Rights / Human Resources;
- Human Rights & Community Involvement;
- Corporate Governance & Ethical Behavior.

This is implemented for each fund in a different way.For all of our own funds, we provide additional sustainability information in the relevant prospectus or information memorandum, in line with the requirements for transparent reporting on sustainability aspects of financial products under the European Sustainable Finance Disclosure Regulation (SFDR).

Climate and energy transition
The ‘climate change and energy transition’ theme has been an explicit part of a.s.r.’s own strategic investment policy since 2016. a.s.r. has analysed the risks for its own investment portfolio in two ways: both bottom-up – taking account of stranded assets and changing business models in, for example, the mining and energy sectors – and top-down, in the Strategic Asset Allocation (SAA) based on climate scenarios.
In 2021, the climate scenarios in the SAA were again expanded further. This approach was selected as Best Practice by the UN PRI. In the 2021 Annual report, a.s.r. reported once again on climate risks and opportunities in accordance with the TCFD (Taskforce on Climate-related Financial Disclosures) and the steps that were taken in this regard in the previous year.

a.s.r. set the following CO_2 reduction targets: 65% reduction in 2030 compared to base year 2015 for the most important asset classes for own account (equities, corporate bonds and government bonds, real estate and mortgages). In addition, a.s.r. has developed and implemented a strategy to further scale back investments in the fossil sector in three phases during the period 2022-2024. Accordingly, we brought investments in coal and unconventional oil and gas by the end of 2021 in line with applicable policy adjustments.

Recognition for a.s.r.'s socially responsible investment policy

- In January 2020, a.s.r. received the highest ratings in the Fair Insurance Guide (Eerlijke Verzekeringswijzer) for the sixth time. At the end of 2022, a new update will be published.
- a.s.r. once again received an A+ rating for sustainability strategy from the UN PRI.
- a.s.r. was again recognised by PAX as the best-performing insurer in a study on investments in the arms industry. All investments in arms have been excluded by a.s.r.

The ESG policy of the Private Debt Fund

ASR Nederland's sustainability policy (the SRI Policy) contains the criteria and standards for various sustainability topics. This policy is continuously amended on the basis of new insights and expectations. The Manager applies this policy in managing the Fund in accordance with the following criteria:

- The Fund will not acquire Private Debt Loans which are granted to companies or in respect of projects that are involved in controversial activities as mentioned in the SRI Policy. Also, the acquisition of Private Debt Loans granted to companies with systematic and severe violations to human and labour rights or to the environment will be excluded.
- The Fund will favour loans to companies and in respect of projects that can be classified as pioneering and best-in-class in the field of ESG and in the field of impact investing.

The Manager applies the following list of sustainability indicators to select investments:
- Environmental management;
- Personnel matters;
- Human rights;
- Community involvement;
- Conduct with respect to consumer rights, suppliers and subcontractors, and business ethics; and
- Good governance.

In addition to the sustainability indicators mentioned above, the Manager applies more specific indicators for sustainability topics, such as animal welfare, food safety, hazardous chemicals, alcohol, weapons, gambling, tobacco and nuclear energy. Sustainability indicators also apply to countries in which the Fund invests, namely in the field of political freedoms, corruption and environmental management. These additional sustainability indicators are continuously aligned with the current sustainability policy.

Effect of ESG policy on the Fund's portfolio

All propositions received are screened on social and environmental aspects and governance criteria, based on the a.s.r. SRI (Socially Responsible Investment) policy. One of the propositions that was not pursued any further was a project for the construction of a bio-methanol production facility in the Netherlands. Although the production of bio-methanol can contribute to the energy transition, the proposed financing structure is too aggressive for the Fund. ESG will continue to be a focus of attention as market participants continue to develop ways to include ESG in financing requests and loan documentation. Thus, for example, Oak's loan includes additional margin discounts for achieving the company's ESG KPIs. APDF has two investments that are qualified as impact, Green Lease and Glasfaser.

(i) Green Lease is a Dutch car leasing company that aims to accelerate the transition to fully electric mobility in the Netherlands. The company stands out from other car leasing companies by focusing entirely on electric vehicles and services with respect to solutions for electric mobility. Green Lease's strategy is focused on sustainable, zero-emission mobility with an emphasis on electric transport. An important aspect is that the Green Lease business model is not primarily driven by Dutch or other tax policy, but by general trends in the mobility sector and by Total Cost of Ownership (TCO). In the long term, fully electric vehicles (FEVs) are expected to have a lower TCO than conventional fossil-fuelled vehicles, as FEVs have fewer rotating parts (just one part, being the rotor) than vehicles with an internal combustion engine (hundreds of rotating parts), resulting in much lower repair and maintenance costs (e.g. no filter and oil changes) and fuel costs. The growth of electric driving is expected to accelerate further with the introduction of the second generation of FEVs, which will be more affordable and have better battery performance, as well as attractive features driven by technological innovation, such as self-driving, connectivity and safety features.

(ii) Glasfaser is a German private investment company that has laid fibre optic cables providing broadband internet to approximately 2.5 million addresses in the Netherlands (30% of Dutch households). Glasfaser manages, operates and maintains the cable network under its own control, with the aim of maintaining the high quality of the network. These days, getting a good home internet connection is crucial for everyone's well-being, comparable to getting access to electricity, running water, telephone and postage services several decades ago. People in areas without fast internet, mainly rural areas, are at such a disadvantage compared to those in cities that it may prompt them to move. Access to fast internet provides a boost to businesses, increases the efficiency of local governments (e-government administrative processes) and is also important for health care and education. The financing of the roll-out of optic fibre broadband, mainly in the rural areas of Germany, was realised jointly with Triodos. With this financing, Glasfaser wants to finance both the existing assets (540,000 Homes Passed) and the roll-out of fibre optic broadband (654,000 Homes Passed).

Market developments and outlook

Economic developments in 2021

In 2021, the global economy made a very strong recovery from the deepest (and shortest) recession since World War II. For the global economy as a whole, growth in 2021 was around 6%. China was the first major economy to recover, followed by the US and the eurozone, with growth rates for 2021 of 8%, 6% and 5% respectively. The economic growth recovery was mainly due to the earlier than expected availability of 'Covid-19' vaccines, and was also fueled by particularly generous monetary and fiscal policies. Especially in the second half of the year, the growth recovery was hampered by capacity shortages on the supply side of the economy.

Equally remarkable is the fact that in 2021, the inflation picture has changed from fear of 'deflation' to 'reflation' (and fear of 'stagflation'). In the eurozone, inflation jumped from 0-1% to 5%, and in the US it even reached 7% year-on-year. The increased inflationary pressure was initially mainly due to the economic growth recovery and was therefore labelled 'mainly temporary' by central banks and others. The inflationary pressure gradually also turned out to be at least partly due to supply-side problems in the economy, and thus perhaps less temporary than previously thought. This also increased the pressure on central banks to start phasing out the extremely accommodating monetary policy of recent years.

Financial markets in the first half-year of 2021

Financial markets were also strongly influenced by 'Covid-19' in 2021, but in a different way than in 2020: capital market interest rates left behind the historical lows of 2019-2020 and (particularly developed) stock markets showed strong price increases.

Although strong growth and inflation data contributed to higher government bond yields, they still remained below average from a historical perspective. In the eurozone, long-term interest rates rose by 25-50 basis points. Dutch, German and Swiss 10-year interest rates thus ended at around 0%. Within the eurozone, southern European interest rates rose the most with Italian and Greek 10-year interest rates ending up above 1%. Elsewhere, long-term interest rates rose even faster, by 50-100 basis points (US, UK and Australia) to almost 150 basis points (New Zealand). Interest rates on Japanese and Chinese government bonds remained virtually unchanged.

For corporate bonds, credit spreads had already crept up towards 'pre-coronavirus' levels during the course of 2020. In 2021, these remained virtually flat: corporate bonds in 2021 were hardly sensitive to developments that set other markets in motion, such as news about 'Covid-19', rising interest rates, etc. Purchases by central banks (in particular the ECB) continued to support the corporate bond market, but the question is for how much longer.

Stock markets performed above average in 2021, although this was mainly in developed markets. Both US and European stock markets rose by more than 15%. For European investors in US equities, the appreciation of the dollar against the euro (almost 10%) was an additional factor for their returns on investment. Emerging markets lagged well behind developed stock markets, mainly due to Asian stock markets, including China, Taiwan and South Korea. The Japanese stock market's performance was subdued, with a relatively slight price increase of around 5% on balance.

Outlook for the economy and financial markets

For 2022, we expect a further recovery of the global economy. With expected growth of around 4%, the recovery may be less spectacular than in 2021, but it is still very significant. The US economy showed the strongest growth recovery among the major regions in 2021, but is expected to fall back to growth of approximately 3.5-4% in 2022, similar to that in the eurozone. A major risk is that the gap between developed and emerging economies will widen as the focus of the coronavirus pandemic shifts to emerging countries, where the vaccination rate is still low, although several countries (including China, India and Brazil) have recently caught up. The war in Ukraine poses a second significant risk to economic growth, especially for Europe, but (mainly through higher food prices) also for emerging markets e.g. in Eastern Europe, Africa and the Middle East.

The sharp rise in inflationary pressures in 2021 is expected to continue at least into the first half of 2022, as the recent capacity issues prove less incidental than previously thought. Besides, due to the war in Ukraine food and energy prices are rising significantly. Eventually, inflationary pressures in the eurozone are expected to fall to the ECB's 2% target, but this is unlikely to happen before the end of 2022. In the US inflation could remain well above 4%, even at the end of 2022. In the longer term, structural factors (e.g. ageing population, technology & internet, weakening labour productivity growth and labour market flexibility) will continue to put a brake on inflationary pressures.

As far as monetary policy is concerned, at least in the first half of 2022 no interest rate increases are to be expected from the ECB. However, the ECB will start winding down the current 'quantitative easing' programmes. This applies first and foremost to PEPP, the €1,850 billion 'Covid-19' emergency programme. For the Fed, further monetary tightening in 2022 seems inevitable, given the combination of economic growth recovery and sharply rising inflationary pressures in the US. In the US, too, the reduction in quantitative easing comes before interest rate increases, however in the course of 2022 the Fed is likely to increase interest rates several times.

The combination of good economic growth prospects, inflation risks and the threat of monetary tightening creates a challenging environment for financial markets. Possibly higher than expected inflation and any subsequent monetary tightening by central banks pose a risk to government bonds. In addition, capital market interest rates are still relatively low from a historical perspective, even after the (limited) interest rate increases in 2021. Corporate bonds can continue to benefit from the economic growth recovery, but are vulnerable to rising interest rates (especially from a total return perspective). The valuation of corporate bonds is also not very attractive given the current historically low credit spreads.

Equities and property are more suitable as inflation hedges than bonds, but after last year's price increases they are not particularly attractive either, although the latter applies most to US (tech) equities. For property, economic recovery is a plus, but possibly higher interest rates are a disadvantage. Moreover, the damage to shops and offices incurred during the pandemic may turn out to be partly structural.

Developments in the private debt market

The Dutch economy has recovered quickly and strongly from the Covid-19 recession of 2020. The gradual relaxation of the social distancing measures led to a strong rebound in household spending in the spring of 2021, partly assisted by the resurgence of confidence. However, economic activity worldwide has increased so rapidly and convincingly that production chains can hardly cope with the pace of demand recovery. After the strong contraction in 2020 (-3.8%), GDP (gross domestic product) is expected to grow by 4.5% in 2021, according to the estimate published by De Nederlandsche Bank (the central bank of the Netherlands; DNB) at the end of November. Assuming that the impact of the coronavirus omicron variant and the recent lockdown on the economy remains limited, the economic recovery will continue in 2022, with GDP growth estimated at 3.6%. Subsequently, in 2023, the economy will move into calmer waters and grow by 1.7% (figures: DNB). Important themes for 2022 will be inflation (are the higher levels temporary or more structural in nature), the related tightening by central banks, which may cause interest rates to rise, and developments in supply chains and commodity markets. Nevertheless, the uncertainty about the development of the pandemic, and thus the economy, remains high.

The support packages have prevented massive insolvencies of medium-sized companies, which has also kept loan default rates at banks relatively low. While some sectors were hit hard by the pandemic, other sectors actually saw an increase in revenue. In addition, the pandemic has accelerated the digitalisation of businesses and the home-working trend, boosting the demand for faster fibre optic internet connections, cloud services and cybersecurity.

The recovery following the coronavirus has also contributed positively to the strong inflow of new transactions into our portfolio. Low interest rates, high valuations and a better understanding of which companies continue to perform well in the post-coronavirus society have led to many acquisitions and new projects that also require debt financing. Typically, the third quarter is (seasonally) quiet in terms of the pipeline of transactions, but we have seen an increase in the supply of deals in September, although the picture varies by sector. The fourth quarter presented a similar picture to other years in the M&A market, in which people worked hard until Christmas to complete transactions before the end of the year. The fibre optic and renewables financing markets also remain strong.

In addition to acquisition and capex financing, dividend recaps are now a point of discussion during loan applications, as no or few dividends were paid to shareholders during the pandemic. Overall, activity levels in most areas of the private market were encouraging, and we expect the trend to continue in the short to medium term. However, the pipeline for the new year is also well filled with interesting new deals. Our partner banks know how to find us good companies that score favourably in terms of sustainability and that can further strengthen and diversify our loan portfolio. The challenge for the coming year will again be to selectively look for robust companies that can continue to perform well in a world of rising commodity prices, challenges in the logistics chain and a tighter labour market. We are also vigilant about entering at overly high levels into the new deals of companies that may not be able to sustain the strong growth after the coronavirus.

ASR Private Debt Fund I

The Fund offers Participants the opportunity to invest in a broadly diversified portfolio of Private Debt Loans originated in cooperation with sourcing partners that are considered eligible by the Manager for this purpose. The investment objective of the Fund is generating income for the benefit of the Participants seeking an attractive risk adjusted return (unleveraged) due to the illiquid character of Private Debt Loans compared with traditional fixed income investments such as corporate bonds.

Characteristics	ASR Private Debt Fund I
Management fee*	0.40% of the total assets of the Fund (exclusive of VAT, if applicable)
Servicing fee	0.05% of the total assets of the Fund (exclusive of VAT, if applicable)

Table 2: Fund charges

* The management fee also covers costs which are payable by a.s.r. vermogensbeheer to the originator or any other third party for the ongoing operational management of private loans

Return and portfolio policy

The Net Assets saw an increase in 2021 from € 0 million to € 495 million.

	Net Assets (x €1,000)	Return	IRR**	Dividend per share (x €1)
31-12-2021	494,996	2.48%	3.68%	24.04*
31-12-2020	-	-	-	-

Table 3: Return

*Of which 6.82 was paid out in 2022
** Ex-ante IRR, the realized gross IRR is equal to 3.13%

Value movement per participation in €	2021
Income	36.59
Changes in value	-6.06
Costs	-5.59
Result after tax	**24.94**

Table 4: value movement

Amounts per participation are based on the average number of participations during the financial year (12 measurement points during the reporting period).

On January 1st 2021, the ASR Private Debt Fonds I ('APDF') was launched with €375 million in commitments. As part of this, the initial portfolio of loans and associated commitments (which meet the fund conditions) was transferred from ASR entities to APDF. This concerns 15 investments in Car Lease, Dispensing, AMS, Spinoza, Flex, Menü, Fire, Vega and Voltage. In February, the remainder of the portfolio was transferred after administrative approval; this concerns the investments in Fiber, Glasfaser, Persee, Offshore, Speedbreak and Cloud.
Total investments in the ASR Private Debt Fonds I ('APDF') at the end of 2021 amounted to €490 million with €77.3 million in uncalled commitments. The number of investments in the Fund increased in the second half of the year by 12, bringing the total investments to 32.

The total commitments of the participants in the ASR Private Debt Fonds I ('APDF') increased further in the second quarter from €375 million to €750 million. In the last two quarters of the year, no new participants joined the Fund, and total commitments of the participants in the Fund remained stable at €750 million. In the first 12 months, the Fund was 65% invested. The net performance in this period was 2.48% with a realised gross IRR of 3.13 and an ex-ante IRR of 3.68.

Since inception, the total dividend distributed amounted to €5.8 million or €17.22 per share for the first three quarters of 2021. The dividend for the fourth quarter of 2021 was declared at €3.35 million or €6.82 per share and was distributed on 12 January 2022. In total, APDF paid a dividend of €9 million or €24.02 per share with respect to 2021.

New investments

The number of investments in the APDF continued to grow during the year with 20 new investments (besides the Initial Portfolio as acquired from ASR Group companies), i.e. Calvin, Obelix, Curaçao, Green Lease, Chamonix, Summer, Spartan, Hammer, Arches, Oak, Sport, United, Eden, Voltage II, Route 24, Wimbledon, Jolene, Finafun, Gamma and Athena, amounting to €294.8 million in total.

Credit applications

We have approved the following credit applications:

(i) €25 million for **Calvin**, the Dutch market leader in products, systems and concepts for sustainable climate control in homes, including heat pumps, ventilation, boilers, electric hot water systems and control systems;

(ii) €20 million for **Obelix**, a Dutch pharmaceutical company specializing in the identification, registration and production of (mainly) orphan medicines;

(iii) €15 million for **Curaçao**, a Dutch high-tech manufacturing company that develops micro precision metal-based components the products are applied in semiconductors, medical, filtration and digital printing;

(iv) €22 million for **Chamonix**, an Eindhoven-based company that manufactures moulds for the healthcare sector;

(v) €10 million for **Green Lease**, a company that exclusively leases electric vehicles;

(vi) €21 million for **Oak**, a leading Dutch manufacturer and distributor of customised and standard wood and other products for the home improvement, construction and renovation markets;

(vii) €15 million for **Summer**, a German care provider for the elderly that offers rental apartments in combination with home and day care services. Due to the strong interest from other lenders in this transaction, the final allocation of Summer for APDF amounted to €5.7 million. The loan was increased to €7.7million in June through project Ocean;

(viii) €25 million for **Jolene**, a fibre optic project of the largest Dutch telecommunications provider. Due to the strong interest from other lenders in these transactions, the final allocation of Jolene for APDF was €8 million;

(ix) €20 million for **Sport**, the global market leader in synthetic surfaces for outdoor sports pitches and playgrounds (artificial grass and polyurethane). Due to the strong interest from other lenders in this transaction, the final allocation of Sport for APDF amounted to €15 million;

(x) €20 million for **Hammer**, a company selling professional and semi-professional machines, workshop equipment and tools for metalworking, woodworking and the automotive sector by means of both B2B and B2C via its online webshop, retail store and dealer network;

(xi) €15 million for **Arches**, a software company from Hengelo that supplies software solutions to public and semi-public institutions throughout the Netherlands;

(xii) €15 million for **Spartan**, a leading Dutch manufacturer of personal care products under its own brand and private labels;

(xiii) €25 million for **Eden**, the extension of a fibre optic network in rural areas in Spain;

(xiv) €25 million for **Route 24**, a leading Dutch manufacturer of frozen food products under its own brand and private labels;

(xv) €19.5 million for **Voltage II**, an expansion of a distribution station for the supply of electricity to data centres. The total commitment of the Voltage investment is €34.5 million, making it the largest loan in the Fund;

(xvi) €20 million for **Wimbledon**, an ICT service provider that offers a complete service package to SMEs with the design and implementation of platforms, support, training, security and cloud infrastructure;

(xvii) €25 million for **Anton**, a medical services provider specializing in the procurement, rental and maintenance of a wide range of medical devices for the sick and disabled. This transaction is still in the documentation stage and will be completed and paid out in the first quarter of 2022;

(xviii) €15 million for **Gamma**, a consultancy firm focused on operational strategy, business transformation, digitalization, data management, data science and data analytics;

(xix) €30 million for **Finafun** for the extension of a fibre optic network in rural areas in the Netherlands;

(xx) €15 million for **Athena**, an all-round construction company that focuses specifically on the maintenance and renovation of residential and commercial buildings in urban areas. Athena's allocation for APDF ultimately amounted to €13.9 million, due to the company's reduced debt package.

back to contents >

During the year, a total of €18.2 million was drawn from the capex facilities of various fibre optic projects including Speadbreak, Fiber, Glasfaser and Eden. There were also calls from the Summer and Arches acquisition facility for acquisitions of €1.79 million and €2.5 million respectively. The commitment to Voltage totalling €15 million has now been fully called.

At the end of 2021, APDF had a total of €77.3 million in uncalled commitments on 12 different investments.

Overview commitments (x €1,000)	31-12-2021
Speedbreak	3
Antin	2,400
Glasfaser	167
Project Jolene	7,375
Hammer	3,750
Summer	571
Arches	2,667
Eden	12,860
Voltage II	8,056
Finafun	11,038
Wimbledon	3,382
Anton	25,000

Repayments

In the first half of the year, six loans in the portfolio totalling €30.4 million were repaid early. This concerns the following investments:

(i) **Brauerei** (€6 million) – the management of Brauerei decided to stop utilising the term loan facility in the business financing structure, and so the loan was repaid according to schedule at the end of March;
(ii) **Warmte** (€5 million) – the company was able to refinance with other lenders at lower margins than quoted by APDF;
(iii) **Flex** (€7.0 million) – the management of Flex chose to adopt a new unitranche structure with increased leverage to continue its buy-and-build strategy, and so the loan was repaid early in June;
(iv) **Vega** (€2.4 million) – a Dutch manufacturer of meat substitutes was included in an acquisition, which resulted in an early repayment of the existing loan;
(v) **Car Lease** (€10 million) – due to the lower margin in the refinancing, the size of Car Lease in the portfolio was reduced from €35 million to €25 million.

In the second half of the year, there were no early repayments in the portfolio other than the periodic repayments on the TLA loans. The periodic repayments from Arches, Summer, Route24, Calvin, Hammer, Chamonix and Obelix totalled €3.8 million.

Waiver requests

APDF received six administrative waiver requests, including from:

(i) **Menü** – given the continuation of the Covid-19 pandemic, APDF has extended the liquidity covenant with Menü (replacing the leverage covenant) until June 2021, increasing the monthly liquidity covenant to €10 million instead of €6 million and prohibiting the payment of dividends during the waiver;
(ii) **Cloud** – adjustments to the organizational structure and loan documentation in connection with a takeover in Belgium;
(iii) **Green Lease** – with the addition of the new Danish entity to the existing documentation;
(iv) **Obelix** – extending the term until December 2021 inclusive with regard to the pledging of shares of an entity of the company;
(v) **Trailer** – adjustments to the loan documentation in connection with raising the overdraft facility;
(vi) **Dispensing** – adjustment of the organizational structure and transfer of the pledged shares from private ownership to a personal holding company.

The waiver requests that were dealt with in the credit committee are:

(i) **Offshore** – partly due to Covid-19, Offshore suffered a delay in a project in Taiwan, which also has a considerable financial impact on the results. As a consequence, Offshore cannot comply with the leverage and interest coverage covenants. At the end of December 2021, the lenders issued a waiver until April 2022. The leverage covenants have been replaced by a minimum liquidity covenant, and the shareholder has had to provide a bank guarantee to secure the liquidity. In Q1 2022, Offshore will present a new strategic plan, which is also relevant for the refinancing of the Revolving Credit Facility. The rating has been downgraded from BB to B. To compensate for the increased risk, the lenders receive a higher margin. Despite the current problems, the medium and long-term prospects are positive, given the expected shortage of installation capacity for, among other things, offshore wind farms;

(ii) **Fire** – lenders' consent is required for the amendment of the loan documentation in respect of the increase in the debt level and the inclusion of new lenders in the facility during the refinancing. The credit committee has approved the roll-over of the existing Fire loan. The €4 million Fire in the portfolio was not increased in the refinancing because of the disappointing results due to the Covid-19 lockdown in Germany at the end of last year and in the first quarter of this year;

(iii) **Chamonix** – in connection with the third quarter figures, the company filed a waiver request because of a breach of both the DSCR and leverage covenant. The causes that have led to this breach are mainly Covid-19-related and global supply chain issues, with projects that were delayed because of closed borders, machines that could not be delivered to pharmaceutical companies resulting in postponed orders, postponement due to the scaling back of regular care (less demand for medical products) and staffing problems due to the Covid-19 lockdowns. A recovery in the order book is expected in 2022, although the recovery in EBITDA is expected to require three more quarters in 2022. The lenders are still negotiating with the management and sponsor of Chamonix for a solution to this waiver request;

(iv) **Menü** – in October, management presented the medium-term plan for 2022 – 2024 with a revised proposal regarding the leverage covenant levels for this period. Due to the Covid-19 pandemic, the new plan has a higher leverage level with correspondingly higher covenant levels than initially agreed in the existing loan documentation. The forecast assumes deleveraging to 2.76x in 2026. The credit committee considers the medium-term plan and set leverage covenants realistic and has approved the waiver request;

(v) **Arches** – the company requires approval from the lenders for the acquisition of a software company as indicated in the loan documentation. It was also requested that the minimum cash equity contribution of the sponsors and the cap on lease obligations be waived for this acquisition. The credit committee has approved these two waivers since the total capital contribution (subordinated or otherwise) in respect of this acquisition is more than sufficient, the total commitment of the sponsor at group level remains as high as ever and, from a growth point of view, the increase of the lease bucket is realistic and concerns a minor adjustment;

(vi) **Jolene** – this concerns a waiver request that requires the lenders' consent to amend the loan documentation with respect to the increase of the uncommitted accordion facility in connection with the updated business plan for the roll-out and acquisition of fibre optic projects. The lenders consortium has accepted these adjustments;

(vii) **Oak** – the credit committee has issued a waiver to Oak for a sale and leaseback transaction for the real estate. This will enable the company to move into a more efficient production location at attractive conditions in due course. Oak intends to invest the cash in further growth and/or acquisitions, which has given the lenders the comfort of releasing the security interest in the real estate to facilitate this sale and leaseback transaction.

Review

During this period, four loans in the portfolio were reviewed: Cloud, Spinoza, Calvin and Dispensing.

(i) **Cloud** is a supplier of business software that digitalizes business processes and implements cloud solutions for SMEs, large companies and the public and semi-public sector. Cloud was active in the market, with eight takeovers in Europe, and performed well, increasing its revenue and EBITDA by 18% and 25% respectively. The four covenants, including leverage, ICR, equity ratio and debt cover, remain well within the set maximum covenants.

(ii) **Spinoza** is a Dutch manufacturer and distributor of special consumer cleaning products. The company's revenue for 2020 outperformed the budget by 6% and was up by 19.1% year-on-year, partly due to increased sales in the retail segment in the Netherlands and Belgium and a positive impact from the pandemic. The company's Total Leverage and Senior Loan Leverage of 3.96x and 2.85x respectively are well within the maximum covenants.

(iii) **Calvin** is the market leader in the Netherlands in developing, producing and selling energy-efficient solutions in the area of heating and cooling, hot water, ventilation and climate control technology. The company achieved a very strong financial performance in the recent period. EBITDA improved significantly in the beginning of 2021, outperforming the budget. The result forecast for 2026 is expected to be exceeded in 2021 already, with leverage reaching 2.37x later this year.

(iv) **Dispensing** is a leading Dutch manufacturer and technology leader in dispensing systems including nozzles, pumps, sprays and tap systems, including beer tap systems. Up until now, the company has been showing strong financial results on the basis of turnover and profitability, which are in line with those of 2020 and just above the 2021 budget. The company generates a high degree of excess cash flow, which has further reduced leverage to 0.8x with a solvency ratio of 30.9%.

The loans on the watch list are **Offshore** and **Chamonix**. The rest of the investments in APDF are expected to perform within the set covenants.

Risk management:

The main portfolio-specific risks associated with the Fund are:

Concentration risk:

If multiple investments are made in the same sector, geographical area or investment category, concentrations can occur in these sectors, areas or categories resulting in a risk that this concentration will make the investment portfolio as a whole more sensitive to general and specific market movements in these sectors, areas and categories. The Manager will seek to limit the risk to the investor to an acceptable level by maintaining a certain degree of diversification across the investments.

Loan portfolio by sector	31-12-2021
Services	20.20%
Utility	15.49%
Telecommunications	14.70%
Consumer Goods	14.16%
Technology & Electronics	10.69%
Retail	6.64%
Healthcare	5.40%
Energy	3.97%
Capital Goods	3.06%
Basic Industry	2.81%
Financial Services	2.05%
Services Cyclical	0,83%

Table 5: portfolio breakdown by product

back to contents >

Loan portfolio by Country	31-12-2021
Netherlands	84.85%
Germany	12.70%
Spain	2.45%

Table 6: portfolio breakdown by province

The percentages in the above and below tables have been calculated based on the market value of loans.

Credit risk:
The Fund invests in private loans that are characterized by a credit risk. The value of the private loans is influenced in part by positive or negative developments in the creditworthiness of the debtor. A deterioration in creditworthiness can potentially mean that the debtor is no longer able to meet his or her obligations.

Breakdown by credit rating (%)	31-12-2021
BBB	21.63%
BB	73.56%
B	3.93%
Cash	0.88%

Table 7: portfolio breakdown by credit rating

These ratings are determined by the Manager using the following waterfall structure:

- First, the rating of a loan is checked with an external rating agency, in the following order: (i) S&P, (ii) Moody's and (iii) Fitch, to determine whether there is a public rating available.
- If such a rating is not available, the rating of the borrower is applied, using the same order of rating agencies.
- If a rating of the borrower is also not available, an estimate is made of the creditworthiness of the borrower by the Alternative Fixed Income department of the Manager based on Moody's RiskCalc and internally validated and consequently approved by the Credit Committee.

At the end of the reporting period, all loans were rated by means of the internal rating process.

Interest-rate risk:
The value of the investments is sensitive to changes in the interest rate. Rising interest rates will generally lead to a fall in the value of the loan portfolio. The modified duration of the portfolio was 3.66 as at 31-12-2021. The average coupon was 3.27 as at 31-12-2021.

In Control Statement

The Manager's description of its business operations meets the requirements of the Financial Supervision Act (Wet op het financieel toezicht, "Wft"). The Manager has reviewed various aspects of its business operations during the past financial year. In the course of these activities, no findings were made that would lead to the conclusion that the description of the structure of the business operations does not meet the requirements as set out in the Wft and related legislation.
The Manager has also not come across any findings that indicate that the business operations do not function effectively or not in accordance with the description. We therefore declare with a reasonable degree of certainty that the business operations functioned in accordance with the stated description in 2021.

The Fund's asset management is carried out by ASR Nederland N.V. staff employed by the Manager under an employee loan agreement. The Manager has issued an ISAE 3402 Type II report and has obtained an assurance report on this. This report confirms the Manager's view regarding the investment and other processes.

Utrecht, 31 March 2022

ASR Vermogensbeheer N.V.

On behalf of ASR Private Debt Fund I

The management,

Mr. J.T.M. Julicher (director)
Mr. M.R. Lavooi (director)
Mrs. W.M. Schouten (director)
Mr. N.H. van den Heuvel (CFRO)

Supervisory Board Report

According to the law and its rules of procedure, the Supervisory Board is responsible for supervising the manager's policy and performance of tasks and the general state of affairs within the funds it supervises, all in the interest of the participants. The Supervisory Board also protects the interests of the participants by supervising compliance by the manager with the Fund Governance Code and advising the manager. The board is responsible for the quality of its own activities. Members are appointed for a term of four years and will retire periodically by rotation in accordance with a schedule to be determined by the board. The board has not set up any committees due to its size.

Composition and rotation schedule
The board's composition, organization and procedures comply with the applicable Corporate Governance Code of Conduct. The members are independent within the meaning of best practice provision III. 2.1 of this code.

The members of the Supervisory Board are Mr. B. Vliegenthart (chair), Mr. R.M.J.W. Beetsma and Mr. O. Labe.

The members have established the following rotation schedule:

Name	Current term expires	Reappointment possible
Mr. Vliegenthart	December 2025	Yes
Mr. Labe	December 2021	Yes
Mr. Beetsma	December 2022	Yes

Members may serve on the board for a maximum of twelve years, unless the Supervisory Board decides otherwise.

Procedures
Four meetings with the Manager took place in the reporting year. During the meetings in the reporting year the Manager provided the board with extensive information on the features and set-up of the funds, and the investment policy. The board also obtained extensive information on the governance structure and the collaboration between the asset management departments involved in daily management activities. One of the ways in which the Manager prepared the topics discussed during the meetings was by means of monthly and quarterly reports. The board concluded that these documents provided the clear information it requested. Open discussions have taken place with the Manager regarding policy and the current state of affairs within the individual funds, during which the Supervisory Board paid special attention to the following topics:

- the 2020 external audit report;
- the Manager's ISAE 3402 type 2 report;
- the 2020 annual reports and the 2021 semi-annual reports;
- compliance with the Fund Governance Code;
- the impact of the coronavirus on the investment funds under supervision of the Supervisory Board and on the business processes;
- performance and risk management overviews, including the complaints and incidents register;
- Sustainable Finance Disclosure Regulation (SFDR).

Word of thanks
We thank the Manager and the staff for their professional and enthusiastic commitment towards achieving the objectives.

Utrecht, 31 March 2022

Mr. B. Vliegenthart, chair
Mr. R.M.J.W. Beetsma
Mr. O. Labe

Financial statements 2021 ASR Private Debt Fund I

back to contents >

Balance sheet

Balance sheet as at 31 December 2021 (before profit appropriation x €1,000)

Balance sheet	31-12-2021	Reference
Investments		
Private loans	489,979	
Total Investments	**489,979**	1
Receivables	1,630	2
Other assets		
Cash	4,355	3
Current liabilities	-968	4
Receivables and other assets less current liabilities	**5,017**	
Assets less current liabilities	**494,996**	
Issued participation capital	492,463	
Other reserves	-	
Unappropriated result	2,533	
Total Net Assets	**494,996**	5

Profit and loss account

Profit and loss account for the period from 1 January 2021 until 31 December 2021 (x €1,000)

Profit and loss account	01-01-2021 to 31-12-2021	Reference
Investment income	12,183	7
Realized changes in the fair value of investments	-247	8
Unrealized changes in the fair value of investments	-1,771	8
Total operating income	**10,165**	
Management fee	-1,440	
Service fee	-203	
Other expenses	-219	
Total operating expenses	**-1,862**	9
Profit after tax	**8,303**	

Cashflow statement

Cashflow statement for the period 1 January 2021 to 31 December 2021 (x €1,000)
Prepared according to the indirect method

Cashflow statement	01-01-2021 to 31-12-2021	Reference
Total investment result	8,303	
Changes in the fair value of investments	2,018	1
Purchase of investments (-)	-526,208	1
Sales of investments (+)	34,211	1
Increase (-)/Decrease (+) in receivables	-1,630	2
Increase (+)/Decrease (-) in liabilities	968	4
Net cash flow from investment activities	**-482,338**	
Issue of participations	492,463	5
Redemption of participations	-	5
Dividend	-5,770	
Net cash flow from financing activities	**486,693**	
Movement in cash	**4,355**	
Cash per January 1	-	3
Cash per December 31	4,355	3
Movement in cash	**4,355**	

Principles of valuation and determination of results

General

The ASR Private Debt Fund I ('the Fund') was established on 1 January 2021 in the form of a mutual fund. The Fund is structured as a closed-end tax transparent fund.

The annual report of the Fund is prepared in accordance with Guideline 615 'Investment Institutions' of the Dutch Accounting Standards Board and Title 9 Book 2 of the Dutch Civil Code (Burgerlijk Wetboek, "BW"). All amounts included in the annual report are in thousands of euros, unless stated otherwise. The amounts stated in the tables are rounded figures, therefore rounding differences may occur. The Manager compiled the financial statements on 31 March 2022.

Reporting period and comparative figures

The annual report covers the period from 1 January 2021 to 31 December 2021. No prior period comparative figures are applicable.

Foreign Currency

Transactions in foreign currency are converted at the rate of exchange on the transaction date. Assets and liabilities in foreign currency are converted into euros at the rate of exchange on the balance sheet date.

Currency differences arising from the conversion are presented in the profit and loss account under realized and unrealized changes in the fair value of investments.

No investments in foreign currency were recorded within the Fund as at 31 December 2021.

Manager

a.s.r. vermogensbeheer is the manager within the meaning of Section 1.1 of the Financial Supervision Act (Wet op het financieel toezicht, hereinafter referred to as the Wft). The Manager is responsible for managing the fund assets in accordance with the investment policy and performing the participant administration and financial accounts.
The Manager holds a license granted by the supervisory authority in accordance with Section 2:65 (1) (a) of the Wft and is included in the register kept by the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten, "AFM").

Legal Owner

Stichting Juridisch Eigenaar ASR Private Debt Fund I acts as the owner (the title holder) in a legal sense, in accordance with the general management and custody conditions, at the expense and risk of the Participants of the Fund. As set out in the Information Memorandum, the Foundation has been appointed as the Custodian of the Fund under the conditions of the Management and Custody Agreement.

Depositary

As set out in the Information Memorandum, the Manager appointed BNP Paribas Securities Services SCA as the Depositary for the Fund. The Depositary is an entity under legal supervision whose legal duties include monitoring cash flows, compliance with the investment policy and ownership verification with regard to the financial assets of the investment funds.

Basis of preparation

An asset will be recognized in the balance sheet if it is probable that the future economic benefits will flow to the Fund and its value can be reliably determined. A liability will be recognized in the balance sheet if it is probable that its settlement can be associated with an outflow of funds and the extent of the amount can be reliably determined. The manner in which the asset management activities are structured may result in the legal ownership of an asset and/or liability, of which all or nearly all rights to the economic benefits and risks flow to the Fund, vesting with related parties.

Income is recognized in the profit and loss account if an increase in the economic potential associated with an increase in an asset or a decrease in a liability has taken place, the extent of which can be reliably determined. Expenses are recognized if a decrease in the economic potential associated with a decrease in an asset item or an increase in a liability has taken place, the extent of which can be reliably determined.

If a transaction results in (practically) all future economic benefits and risks with regard to an asset item or a liability being transferred to a third party, the asset item or the liability will no longer be recognized in the balance sheet. Furthermore, assets are no longer recognized in the balance sheet from the moment when the probability conditions of the future economic benefits and reliability of the value assessment can no longer be satisfied. A liability will no longer be recognized in the balance sheet from the moment when the probability conditions of the expected outflow of funds and reliability of the value assessment can no longer be satisfied.

Offsetting

A financial asset and a financial liability are netted and entered in the balance sheet as a net amount if there is a legal or contractual right to settle the asset item and the liability whilst being netted at the same time, and there is in addition the intention to settle the items in this manner. The interest income and interest expenses associated with the financial assets and liabilities entered as netted will also be recognized as netted.

Related party transactions

A related party is a party that can exert a predominant policy-setting influence on another party, or can exert a significant influence on the financial and business policy of the other party. Transactions with related parties are performed at rates in line with the market.

Investments

The Fund invests in Private loans originated in cooperation with sourcing partners that are considered eligible by the Manager for this purpose. The loans are initially valued at purchase price (which is the nominal value, except for the initial portfolio which is acquired at fair value). Upfront fee received on provision of the loans are recorded as part of investment income. At year-end the loans are valued at their fair value. Unrealized and realized changes in the fair value of investments are recognized in the profit and loss account. A revaluation reserve will be created for unrealized changes in fair value, insofar as the fair value exceeds the historic cost price, for the difference between the fair value and the historic cost price.

The fair value of a Private loan is determined by discounting the cash flows of such loan with a credit curve plus a surcharge for the illiquidity premium and other relevant elements like upfront fees when applicable. The credit curve used for the discounting of the cash flow of the loan is determined by a recurring (implied) rating process, so that the credit curve can be adjusted in the event of a changing creditworthiness of the borrower. Illiquidity is measured by taking the difference between liquid Dutch Government issues and illiquid Dutch Semi-government loans, as expressed by Dutch Brokerage Firm OHV. Loan individual liquidity characteristics are measured by taking the difference between the actual loan spread and the calculated loan spread (including the aforementioned OHV difference) at the time of issuance of the loan (agreement on the loan terms). The second portion attributed to illiquidity (of an individual loan) is kept constant over the life of the loan. As the first component of the illiquidity surcharge is based on market levels, the illiquidity surcharge as a whole will fluctuate with market movements.

The standard approach is only appropriate as long as a full repayment of the loan is expected. If a loan is transferred to the special care department of the originator, the valuation methodology will be based on an expected recovery approach.

Cash

Bank account credit balances are stated at fair value, which is the nominal value. Cash includes current account credit balances with banks, any cash at bank and in hand and outstanding time and other deposits insofar as not included in the investments.

Other assets and liabilities

Receivables are initially stated at fair value, including transaction costs. Receivables are subsequently revalued at amortized cost based on the effective interest method, without deducting impairment losses. Provisions are determined on the basis of individual assessment of the recoverability of the receivables.

Current liabilities, accruals and deferred income are initially stated at fair value. Current liabilities, accruals and deferred income are subsequently revalued at amortized cost based on the effective interest method. If there is no premium or discount and there are no transaction costs, the amortized cost is equal to the nominal value of the debt.

back to contents >

Determination of result
The result is determined as the difference between the income and the expenditure. Income and expenditure are allocated to the period to which they relate. Results in foreign currencies are translated into euros at the exchange rates applicable on the transaction date.

Changes in the fair value of investments
Realized changes in value are determined by deducting the average cost price (including purchase costs) from the sales proceeds (including selling costs). Unrealized changes in value are determined by deducting the average cost price (including purchase costs) from the balance sheet value at the end of the financial year.

The realized and unrealized changes in value of investments are presented in the period to which they relate as realized or unrealized changes in the fair value of investments respectively under investment income in the profit and loss account.

The changes in fair value of private loans are in principle always unrealized since the loans are held to the end of the period of maturity, with the exception of the early repayment of the loans by the borrower.

Any purchase and sales costs of investments are included in the cost price or deducted respectively from the sales proceeds of the respective investments and therefore form part of the changes in fair value of investments.

Income tax
The Fund is a closed-end mutual fund and tax transparent, meaning that the fund is not tax liable for income tax and is not subject to the payment of dividend tax.

Management fee
Costs are charged to the Fund by the Manager for the management of the Fund Assets. The provisions made are transferred to the Manager on a monthly basis. The amount of the management fee is 0.40% on an annual basis (exclusive of Dutch VAT, if applicable). This management fee serves also to cover the costs which are payable by a.s.r. vermogensbeheer to the originator or any other third party for the ongoing operational management of private loans.

Servicing fee
The Manager also receives a monthly service fee that is deducted from the Fund. The service fee covers other costs, such as:
- auditor, legal and tax advisor fees;
- costs associated with the preparation, printing and sending of the information memorandum, annual and semi-annual reports and any other documents relating to the Fund;
- costs associated with calculating and publishing the net asset values;
- costs associated with maintaining the participant register and keeping financial and investment accounting records;
- costs associated with meetings of participants or the investment committee.

The annual service fee is 0.05% (exclusive of Dutch VAT, if applicable). The Manager ultimately pays the costs actually incurred related to the service fee.

Costs on the issue and redemption of Participations
The Fund does not charge any costs on the issue and redemption of Participations. However, at each closing date, any new Participants pay an entry fee to Participants whose participations are redeemed (if such redemption is required to maintain the equal ratio between the capital commitment and the drawn amounts per Participant). The entry fee will be paid to the Fund and will be paid through to Participants whose Participations are redeemed as a result of the new Participant acceding to the Fund.

Cashflow statement
The cashflow statement has been prepared according to the 'indirect method', whereby a distinction is made between cash flows from investment and financing activities. Cash relates to credit balances with banks that are available on demand. In the cash flow from investment activities, the result is adjusted for costs that are not expenditure and proceeds that are not revenue.

Notes to the balance sheet and profit and loss account

1. Investments

The investments can be broken down as follows (x €1,000):

Investments	31-12-2021
Private loans	489,979
Total investments	**489,979**

The movement in investments during the reporting period was as follows (x €1,000):

Movement schedule of investments	Fair Value 01-01-2021	Purchases	Repayments	Revaluation	Fair Value 31-12-2021
Private loans	-	526,208	-34,211	-2,018	489,979
Total	**-**	**526,208**	**-34,211**	**-2,018**	**489,979**

The net present value calculation is used for the valuation of loans, using the standard approach as described in the principles of valuation.

2. Receivables

The receivables have a term of less than one year and can be broken down as follows (x €1,000):

Receivables	31-12-2021
Accrued interest	1,195
Other receivables	435
Total	**1,630**

Other receivables relate mostly to interest receivables and fees to be received regarding loans (such as commitment and waiver fees).

3. Cash

Cash relates to credit balances with banks that are available on demand.

4. Current liabilities

The current liabilities all have a term of less than one year and can be broken down as follows (x €1,000):

Current liabilities	31-12-2021
Management and servicing fee payable	-576
Other liabilities	-392
Total	**-968**

Other liabilities mainly relate to fees payable.

back to contents >

5. Issued participation capital, unappropriated result and other reserves

Multi-year overview ASR Private Debt Fund I

Net Asset Value	31-12-2021
Fund Net Assets (x € 1.000)	494,996
Number of participations	491,320
Net Asset Value in euros per participation	1,007.48

For investments for which no frequent market quotation is available, a revaluation reserve must be formed for unrealized changes in fair value – insofar as the fair value exceeds the historic cost price. As at 31 December 2021 this amounts to € 1,300.

The development of the subscribed participation (Unit) capital during the reporting period is as follows (x €1,000):

Issued participation capital	01-01-2021 to 31-12-2021
Balance at the start of the reporting period	-
Issued during the reporting period	492,463
Repaid to participants during the reporting period	-
Balance at the end of the reporting period	**492,463**

The movement in the number of participations during the reporting period was as follows:

Movement schedule of number of Participations	Number 01-01-2021	Issue	Redemption	Number 31-12-2021
ASR Private Debt Fund I	-	491,320	-	491,320

The movement in other reserves during the reporting period was as follows (x €1,000):

Other reserves	01-01-2021 to 31-12-2021
Balance at the start of the reporting period	-
Addition in the reporting period	-
Dividend payment	-
Balance at the end of the reporting period	**-**

The movement in unappropriated result during the reporting period was as follows (x €1,000):

Unappropriated result	01-01-2021 to 31-12-2021
Balance at the start of the reporting period	-
Profit distribution in the previous financial year	-
Result of the current financial year	8,303
Dividend paid with regard to current reporting period	-5,770
Balance at the end of the reporting period	**2,533**

6. Contingent assets and liabilities

There are no contingent assets and liabilities

As at 31 December 2021, the total commitment of the Participants of the Fund amounts to EUR 750 million, of which EUR 257.5 million is uncalled.

As at 31 December 2021, the commitments of the Fund in respect of private loans amounts to EUR 77.3 million.

7. Investment income

The investment income can be specified as follows (x €1,000):

Investment income	01-01-2021 to 31-12-2021
Interest from loans	10,445
Other income from loans	1,738
Total	**12,183**

8. Changes in the fair value of investments

The realized changes in the fair value of the investments are the results from sales, including any selling costs.
The unrealized changes in the fair value of investments held include any purchasing costs.

The realized changes in the fair value of investments can be specified as follows (x €1,000):

Realized changes in the fair value of investments	01-01-2021 to 31-12-2021 (positive)	01-01-2021 to 31-12-2021 (negative)
Private loans	-	-247
Total	**-**	**-247**

The unrealized changes in the fair value of investments can be broken down as follows (x €1,000):

Unrealized changes in the fair value of investments	01-01-2021 to 31-12-2021 (positive)	01-01-2021 to 31-12-2021 (negative)
Private Loans	1,300	-3,071
Total	**1,300**	**-3,071**

9. Operating expenses

The operating expenses can be broken down as follows (x €1,000):

Operating expenses	01-01-2021 to 31-12-2021
Management fee	-1,440
Servicing fee	-203
Interest charges	-15
Other expenses	-204
Total	**-1,862**

Other expenses mainly relate to fees paid.

Ongoing Charges Figure (OCF)

	Information Memorandum	01-01-2021 to 31-12-2021
ASR Private Debt Fund I	0.45%*	0.49%

* exclusive of VAT, if applicable

The Ongoing Charges Figure (OCF) includes all costs charged to the Fund in the reporting period including the management and service fee of the underlying funds and pools, excluding the interest charges, any taxes and transaction costs as a result of the acquisitions and disposals of investments which the Fund carries out. The OCF is calculated by dividing the total costs in the reporting period by the average net asset value of the Fund.

The average net asset value of the Fund is the sum of the net asset values divided by the number of times at which the net asset value is calculated during the reporting year. The net asset value is calculated once a month for the Fund. The number of measurement points is considered as the weighted average.

The difference between the actual OCF and the OCF according to the Information Memorandum relates to the VAT calculated on a part of the management fees.

Portfolio Turnover Rate (PTR)

	01-01-2021 to 31-12-2021
ASR Private Debt Fund I	20.32%

The Portfolio Turnover Ratio (PTR) provides an indication of the turnover rate of the investments relative to the average fund capital and is a benchmark for the degree to which an investment policy is active. For example, a turnover ratio of 200% indicates that purchase and sales transactions amounting to twice the value of the average fund capital have been executed in addition to purchase and sales transactions resulting from subscriptions and redemptions.

In the calculation used, the turnover is equal to the sum of purchases and sales of investments in the reporting period less the sum of issues and redemptions of participations. This includes all investment categories except deposits with an original term of less than one month. The PTR is determined by the turnover expressed as a percentage of the average Net Asset Value of the Fund, calculated in the same way as when determining the OCF for the reporting period.

Related party transactions
The Fund has the following relations with related parties:
- a.s.r. vermogensbeheer is the Manager of the Fund and charges a management fee and servicing fee;
- At the Initial Closing Date, the Fund has acquired a portfolio of Private Debt Loans (amounting to €202 million) from Group companies of ASR Nederland in exchange for Participations;
- Group companies of ASR Nederland participate for an amount of € 495 million in the Fund (491,320 participations).

Transactions with related parties are performed at rates in line with the market.

Profit appropriation
Following the adoption of the annual report, the unappropriated result is added to the other reserves as part of the fund assets.

Proposed dividend
At the beginning of each quarter, the amount available for distribution generated in the preceding quarter is distributed to the Participants (after settling fees and costs payable). Participations will receive an equal share of the interest income of the preceding quarter. The amount available for distribution is determined at the discretion of the Manager.

Events subsequent to the balance sheet date
No events occurred in the period up to the preparation of this annual report that require any changes or explanatory notes to the financial statements. On 12 January 2022, the Q4 2021 dividend is paid out to the participants, amounting to EUR 3.35 million (EUR 6.82 per participation).

SIGNING OF THE FINANCIAL STATEMENTS
Utrecht, 31 March 2022

ASR Vermogensbeheer N.V.
On behalf of ASR Private Debt Fund I

The management,

Mr. J.T.M. Julicher (director)
Mr. M.R. Lavooi (director)
Mrs. W.M. Schouten (director)
Mr. N.H. van den Heuvel (CFRO)

Other information

Independent auditor's report

To: the participants of ASR Private Debt Fund

Report on the audit of the accompanying financial statements

Our opinion

We have audited the financial statements 2021 of ASR Private Debt Fund (or hereafter 'the Fund'), based in Utrecht.

In our opinion the accompanying financial statements give a true and fair view of the financial position of ASR Private Debt Fund as at 31 December 2021, and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1 the balance sheet as at 31 December 2021;
2 the profit and loss account for 2021; 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 ASR Private Debt Fund in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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.

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.

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 regarding the management report and the other information.

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 less than the scope of those performed in our audit of the financial statements.

The manager, ASR Vermogensbeheer N.V., is responsible for the preparation of the other information, including the management report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the financial statements

Responsibilities of the manager and the Supervisory Board for the financial statements

The manager 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, the manager is responsible for such internal control as the manager 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, the manager is responsible for assessing the Fund's ability to continue as a going concern. Based on the financial reporting framework mentioned, the manager should prepare the financial statements using the going concern basis of accounting unless the manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so. The manager should disclose events and circumstances that may cast significant doubt on the Fund's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Fund's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement 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 have detected all material errors and fraud during our audit. Misstatements can arise from fraud or errors 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 the 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 scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, 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 errors, 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 Fund's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the manager;
- 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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the manager and the Supervisory Board 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.

Utrecht, 31 March 2022
KPMG Accountants N.V.

G.J. Hoeve RA

Appendix 1

Specification of investments ASR Private Debt Fund I

Instrument Name	Rating	Country	Currency	Sector	Nominal value 31-12-2021	Market value 31-12-2021
Project AMS	BB	NL	EUR	Services	10,000,000	10,180,177
Project Arches	BB	NL	EUR	Services	11,447,630	11,375,143
Project Athena- Biltz	BB	NL	EUR	Basic Industry	6,950,000	6,965,549
Project Athena-Biltz	BB	NL	EUR	Basic Industry	6,950,000	6,781,662
Project Calvin	BB	NL	EUR	Utility	24,462,500	24,864,631
Project Car Lease	BBB	NL	EUR	Utility	25,000,000	24,831,879
Project Chamonix	BB	NL	EUR	Technology & Electronics	21,073,684	20,990,535
Project Cloud	BB	NL	EUR	Services	14,000,000	14,131,050
Project Curaçao	BB	NL	EUR	Technology & Electronics	15,000,000	14,822,300
Project Dispenser	BBB	NL	EUR	Consumer Goods	15,000,000	14,841,937
Project Eden	BB	ES	EUR	Telecommunications	12,140,086	12,027,003
Project Fiber	BB	NL	EUR	Services	13,100,000	13,231,057
Project Finafun	BB	NL	EUR	Telecommunications	18,961,672	19,101,446
Project Fire	BB	DE	EUR	Services Cyclical	4,000,000	4,078,548
Project Gamma	BB	NL	EUR	Services	15,000,000	14,924,427
Project Glasfaser	BBB	DE	EUR	Telecommunications	19,833,495	20,191,579
Project Green Lease	BB	NL	EUR	Financial Services	10,000,000	10,066,975
Project Hammer	BB	NL	EUR	Consumer Goods	10,500,000	10,395,811
Project Jolene	BBB	NL	EUR	Telecommunications	660,714	636,019
Project Menü	BB	DE	EUR	Retail	10,000,000	10,204,194
Project OAK	BB	NL	EUR	Consumer Goods	21,666,667	21,528,588
Project Obelix	BB	NL	EUR	Healthcare	18,904,110	18,796,130
Project Ocean	BB	DE	EUR	Healthcare	1,786,809	1,788,397
Project Offshore	B	NL	EUR	Energy	20,000,000	19,447,623
Project Persee	BBB	NL	EUR	Services	20,000,000	20,198,978
Project Route 24	BB	NL	EUR	Retail	22,306,836	22,360,663
Project Spartan	BB	NL	EUR	Consumer Goods	15,000,000	14,962,613
Project Speedbreak	BB	DE	EUR	Telecommunications	19,999,911	20,093,872
Project Spinoza	BB	NL	EUR	Consumer Goods	7,500,000	7,648,954
Project Sport	BB	NL	EUR	Capital Goods	15,000,000	14,975,287
Project Summer	BB	DE	EUR	Healthcare	5,873,600	5,855,118
Project United	BB	NL	EUR	Services	15,000,000	14,930,412
Project Voltage	BBB	NL	EUR	Utility	15,000,000	14,854,720
Project Voltage II	BBB	NL	EUR	Utility	11,443,788	11,341,220
Project Wimbledon	BB	NL	EUR	Technology & Electronics	16,617,544	16,554,219
Total investments ASR Private Debt Fund I						**489,978,716**

back to contents >

Appendix 2

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Reference period: 1 January 2021 to 31 December 2021

This product:

Promotes Environmental / Social characteristics, but it does not have sustainable investments as its objective.

[ ] The Fund does not invest entirely in sustainable investments (as defined in article 2, sub 17, SFDR (Directive (EU) 2019/2088)).

[X] The Fund invests partly in sustainable investments (as defined in article 2, sub 17, SFDR (Directive (EU) 2019/2088)).

Has a reference benchmark been designated on the basis of which the realization of the environmental or social characteristics promoted by this financial product can be measured?

[…] Yes
[X] No

Environmental and / or social characteristics

1. To what extent were the environmental and / or social characteristics promoted by this financial product?

The Fund promotes sustainability characteristics because a sustainability policy (''**SRI Policy**'') is applied when the investment decisions are made. By applying the sustainability policy, the manager aims to ensure that the Fund complies with the following characteristics:

- The Fund will not invest in Private Debt Loans to companies, or in respect of projects, that are involved in controversial activities as defined in the sustainability policy of ASR Nederland;
- The granting of Private Debt Loans to companies with systematic and severe violations to human and labour rights, or to the environment, will be excluded;
- The selection of sourcing partners is primarily determined by their ability to source positive impact Private Debt Loans;
- Where possible, the Fund will grant loans to companies, or projects, that can be classified as pioneering in the field of sustainability in accordance with the applicable internal definitions of impact investing.

By promoting these characteristics, the Fund contributed to the environmental objectives of climate change mitigation and climate change adaptation referred to in Article 9 Regulation (EU) 2020/852 (the ''**EU Taxonomy Regulation**'').
For example, because the Fund grants loans to companies that (partly) make a significant contribution to these environmental objectives. For more details on the social and environmental characteristics promoted by the Fund on an ongoing basis, please refer to the section on which environmental or social characteristics are promoted by this financial product in Annex 6 of the Information Memorandum.

1.1 How did the sustainable indicators perform?

During the reference period, no investments were made in companies that were not in line with the applicable SRI policy. This is monitored continuously and is part of periodic checks performed by external parties.

Although the Fund solely grants private loans, and insights into the value of such investments in these activities – set off against the value of the total investments of the Fund – cannot yet be calculated. We expect to be able to provide these insights, as well insights into the sectoral minimum performance standards (the so-called **''Taxonomy Alignment"** of the company and its activities) once sustainability reporting within this segment matures in keeping with the development and implementation of the technical screening criteria for all six EU environmental objectives under the Taxonomy Regulation, as well as the proposed Corporate Sustainability Reporting Directive (**''CSRD"**).

As at 31 December 2021, APDF has two investments that are qualified as impact, **Green Lease** and **Glasfaser**.

(iii) **Green Lease** is a Dutch car leasing company that aims to accelerate the transition to fully electric mobility in the Netherlands. The company stands out from other car leasing companies by focusing entirely on electric vehicles and services with respect to solutions for electric mobility. Green Lease's strategy is focused on sustainable, zero-emission mobility with an emphasis on electric transport. An important aspect is that the Green Lease business model is not primarily driven by Dutch or other tax policy, but by general trends in the mobility sector and by Total Cost of Ownership (TCO). In the long term, fully electric vehicles (FEVs) are expected to have a lower TCO than conventional fossil-fuelled vehicles, as FEVs have fewer rotating parts (just one part, being the rotor) than vehicles with an internal combustion engine (hundreds of rotating parts), resulting in much lower repair and maintenance costs (e.g. no filter and oil changes) and fuel costs. The growth of electric driving is expected to accelerate further with the introduction of the second generation of FEVs, which will be more affordable and have better battery performance, as well as attractive features driven by technological innovation, such as self-driving, connectivity and safety features.

(iv) **Glasfaser** is a German private investment company that has laid fibre optic cables providing broadband internet to approximately 2.5 million addresses in the Netherlands (30% of Dutch households). Glasfaser manages, operates and maintains the cable network under its own control, with the aim of maintaining the high quality of the network. These days, getting a good home internet connection is crucial for everyone's well-being, comparable to getting access to electricity, running water, telephone and postage services several decades ago. People in areas without fast internet, mainly rural areas, are at such a disadvantage compared to those in cities that it may prompt them to move. Access to fast internet provides a boost to businesses, increases the efficiency of local governments (e-government administrative processes) and is also important for health care and education. The financing of the roll-out of optic fibre broadband, mainly in the rural areas of Germany, was realised jointly with Triodos. With this financing, Glasfaser wants to finance both the existing assets (540,000 Homes Passed) and the roll-out of fibre optic broadband (654,000 Homes Passed).

1.2 … and compared to previous periods?

This is the first time that periodic reporting is carried out in this format according to Article 11 Regulation (EU) 2019/2088 (''SFDR"). Where available, we have provided information on a comparison with previous reference periods in section 1.1.

1.3 What where the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objective?

We refer to our explanation on this topic in paragraph 1.1 – 1.2.

back to contents >

1.4 How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

The 'do no significant harm' principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities. In order to provide insight into the applicability of this principle, an improvement in data quality and the availability of the required data using the EU Taxonomy Regulation is necessary. The sectoral minimum performance criteria for the six EU environmental objectives in the EU Taxonomy Regulation are still under development and the EU Taxonomy Regulation will enter into force in stages over the next few years. It is expected that from 2023 onwards, it will be possible to provide more insight into how the principle of "do no significant harm" will be met.

1.4.1 How were the indicators for adverse impacts on sustainability factors taken into account?

For a good due diligence on sustainability aspects of investments and taking into account negative effects on sustainability factors in investments, the availability of good and reliable data is of great importance. As also addressed in the paragraph Statement on EU Taxonomy in Paragraph 3.1, such data is not always available (February 2022). The Fund Manager is actively involved in the development of market standards for sustainability data for the financial sector, and aims to make the best possible use of the available data and contribute to improving the availability of such data.

The Fund Manager expects that, with the introduction of sustainability regulations (including the Regulatory Technical Standards (''RTS") under the SFDR) and the strengthening and expansion of transparency requirements, it will be increasingly able to assess the impact of its investments on the basis of sustainability factors in the years ahead. For the time being, the Fund Manager has included a statement on its website in which it explains how it endeavours to minimise these effects as an investment institution. One way in which this is achieved is by investing as much as possible in companies that perform relatively well in terms of sustainability compared to their direct sector peers and by not investing in companies and countries that do not fit within the restrictions of the SRI policy.

1.4.2 Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The Fund Manager has set requirements – as part of its sustainability policy – with respect to Good Governance & Business Behavior when selecting investments. Furthermore, Governance is a decisive factor within the due diligence process which precedes investing in a Private Debt Loan.

Additionally, the Fund Manager selects sourcing partners with proven strong risk management processes to minimize governance-related risks. Violation of the standards can lead to having a dialogue with the company, or exclusion from the investable universe altogether. Furthermore, the lending documentation prescribes good governance as an essential condition for the granting of a loan.

More information can be found on the website of the Fund Manager and in its SRI policy.

1.5 How did this financial product considers principal adverse impacts on sustainability factors?

Principal Adverse Impacts ("PAI") are taken into account in the management of the Fund. A statement on this subject is included on the Fund Manager's website. This explains the possible negative effects of its investment decisions on its sustainable investments objectives in the most transparent way possible. Overarching sustainability themes such as climate change and the energy transition, vitality and sustainable employability, financial self-sufficiency and inclusiveness are leading.

2. What were the top investments of this financial product?

This information is included in Appendix 1 of the annual report of the Fund.

back to contents >

3. What was the proportion of sustainability-related investments?

3.1.1 What was the asset allocation?

This information is included in Appendix 1 and section 'ASR Private Debt Fund I' of the annual report of the Fund.

3.1.2 In which economic sectors were the investments made?

This information is included in Appendix 1 and section 'ASR Private Debt Fund I' of the annual report of the Fund.

3.2 To what extent were the sustainability investments with an environmental objective aligned with the EU Taxonomy?

Statement on EU Taxonomy Regulation
The investments of the Fund are not in scope of the EU Taxonomy Regulation as these are private debt instruments in respect of non-listed companies. We expect that, with the upcoming introduction of the CSRD, part of the investments may become in scope of the EU Taxonomy Regulation. Upon availability of CSRD data of companies to which the Fund grants private loans, we will incorporate this data in our periodic disclosures under SFDR and the EU Taxonomy Regulation.

3.2.1 What was the share of investments made in transitional and enabling activities?

No insight can be provided on this yet. We refer to Statement on EU Taxonomy under paragraph 3.2.

3.3 What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

We refer to the Statement on EU Taxonomy under paragraph 3.2.

3.4 What was the share of socially sustainable investments?

We refer to the Statement on EU Taxonomy under paragraph 3.2.

3.5 What investments were not sustainable, what was their purpose and were there any minimum environmental or social safeguards?

We refer to the Statement on EU Taxonomy under paragraph 3.2.

4. What actions have been taken to meet the environmental and / or social characteristics during the reference period?

All propositions received are screened on social and environmental aspects and governance criteria, based on the a.s.r. SRI (Socially Responsible Investment) policy. One of the propositions that was not pursued any further was a project for the construction of a bio-methanol production facility in the Netherlands. Although the production of bio-methanol can contribute to the energy transition, the proposed financing structure is too aggressive for the fund. ESG will continue to be a focus of attention as market participants continue to develop ways to include ESG in financing requests and loan documentation. Thus, for example, **Oak**'s loan includes additional margin discounts for achieving the company's ESG KPIs. APDF has two investments that are qualified as impact, **Green Lease** and **Glasfaser**. For an extensive description of these investments, please also refer to paragraph 1.1.

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