Atrium Finance Issuer B.V.

Annual Report for the period ended 31st December 2021

The Annual Report has been adopted and approved by the
General Meeting of Shareholder
Dated 8 June 2022

Contents **Page**

Directors' report

The managing directors are pleased to present the Annual Report of Atrium Finance Issuer B.V. (the "Company"), as at 31 December 2021 and for the year then ended.

General information

The Company was incorporated on 31 August 2020 as a private limited liability company (Besloten Vennootschap).

The Company is a wholly owned subsidiary of Atrium Finance Limited (Cyprus) and a member of the group of companies (the "Group") headed by Atrium European Real Estate Limited ("AERE"). To the best of the managing directors' knowledge, Norstar Holding Inc is the ultimate parent company.

The principal activities of the Company consist mainly of acting as an intermediate company in the Group financing with the main purpose of borrowing, lending and raising funds, including issuance of bonds or other securities notes.

Events and transactions during the period

In January 2021, the Company issued a €300,000,000 inaugural green bond ("Green Notes") under a Euro Medium Term Note ('EMTN") Programme. The Green Notes were issued at a price of 98.167%, are due 5 September 2027 and carry a fixed 2.625% coupon. The Green Notes are guaranteed by AERE.

In February 2021, the proceeds from the issuance were used to grant a loan to AERE in a nominal amount of €300,000,000 with a fixed interest rate of 2.625% and due date of September 2027.

At the same time, the Company entered into an agreement with AERE to provide loan administration services ("Services"). The service fee income charged to AERE in 2021 was €123,643 (2020: nil).

In June 2021, the shareholder of the Company made a capital contribution as a share premium in an amount of €75,000.

The total operating income was €8,2 million for the year (2020: nil).

The net operating profit after tax was €9,100 in 2021 (2020: loss €10,067).

The working capital ratio (measured as current asset / current liabilities) is higher than 100%. Liquid funds comprise cash and cash equivalents amounted to €148,985 as at 31 December 2021.

There are no significant risks identified related to our strategy, operational activities, financial reporting and compliance with laws and regulations.

Credit risk

Financial assets subject to credit risk include cash balances and receivable due from a related party.

An impairment analysis of the receivable is performed at each reporting date on an individual basis. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or when the receivables are past due;
- collection rate;
- it is probable that the debtor or borrower will enter bankruptcy or other financial reorganization;

The debtor predominantly holds indirect investments which own real estate properties that have been valued by independent reputable professional valuators.

The Company reviews the creditworthiness of the parent company by reviewing external publications (including published Group financial statements) and external rating agencies. No allowance for impairment for incurred losses in respect of receivables was recognized during the year.

Interest rate risk

Interest rate exposure arising from long term borrowings is analysed on a regular basis. As at 31 December 2021, all of the Company's borrowings were effectively at a fixed interest rate. The Loan to AERE and the Green Notes have matching nominal amounts.

Liquidity risk

Liquidity risk is the risk that the company may be unable to meet its payment obligations. The Company's liquidity risk arises in the event that AERE will be unable to pay their commitments to Atrium Finance Issuer B.V. as the Company acts as an intermediate company in the Group financing and will then be unable to meet its bond obligations.

Fraud / Integrity / Corruption prevention

Atrium Finance Issuer B.V. falls within the AERE Group's Program of Compliance for Integrity and Corruption Prevention. The Company complies with the AERE's Code of Conduct that defines the rules outlining the responsibilities and proper practices of employees related to trading in financial instruments. The Code of Conduct is available on Atrium's website: www.aere.com. Given the nature of the Company as intermediate in group financing the fraud risk is limited and mitigate by control environment in compliance with AERE's policies.

Climate risk

The AERE Group is exposed to the potential impacts of future climate change and climate change-related risks. In particular, the AERE Group is exposed to unpredictable physical risks from possible future changes in climate and rare catastrophic weather events. No impact of climate change is expected on the Company.

Internal Control System

The Company's administrative and accounting procedures used in the financial reporting and daily operations, are assessed on a regular basis and comply with the internal controls system. Atrium Finance Issuer B.V. falls within the AERE Group Internal Control Framework.

Information on male/female partitioning of board members

The board currently consists of two males and one female member. Accordingly, the Company meets the 30% female/male ratio target figure. There has been no change in the composition of the board members in 2021.

State of affairs

During 2021, the Company continued to carry out its main activities.

Future outlook

No significant changes are expected in the future for this Company.

<u>Activities</u>

No new significant activities have been implemented to date.

Please refer to Note 4 for further information regarding the impact of COVID-19 on AERE as the guarantor.

For events occurred subsequent to the balance sheet date refer to Note 16.

<u>Personnel</u>

As of 31 December 2021, the Company had 2 employees, both located in the Netherlands (2020: nil).

The average number of employees of the Company in 2021 was 2 (2020: nil). The number of employees is considered sufficient for the Company size and nature of operations.

In 2021 out of the total employee costs of €63,925, an amount of €25,000 was paid to a managing directors. No remuneration for the managing directors applicable for 2020.

The Managing Directors performed the duties of the statutory audit committee requirements.

Amsterdam, on 8 June 2022.

Managing directors:

Molly Katz

Ryan Lee

Statement of financial position as at 31 December 2021 (after appropriation of result)

		31 December 2021		31 December 2020
		€		**€**
ASSETS **Non-current assets**				
Financial assets at amortised cost	5	293,172,191		-
Total non-current assets		**293,172,191**		**-**
Current assets				
Prepayments		-		2,000
Interest receivable	5	2,523,288		-
Cash and Cash equivalents		148,985		7,934
Total current assets		**2,672,273**		**9,934**
TOTAL ASSETS		**295,844,464**		**9,934**
Equity				
Share capital	6	1		1
Share premium	6	90,000		15,000
Retained Deficit	6	(967)		(10,067)
Total shareholders' equity		**89,034**		**4,934**
Non-current liabilities				
Long term borrowings	7	293,172,191		-
Total non-current liabilities		**293,172,191**		**-**
Current liabilities				
Trade and other payables		19,951		-
Accrued expenditures	8	2,563,288		5,000
Total current liabilities		**2,583,239**		**5,000**
TOTAL EQUITY AND LIABILITIES		**295,844,464**		**9,934**

Statement of profit or loss and other comprehensive income for the year ended 31 December 2021

	Note	2021	31 August -31 December 2020
		€	**€**
Service fee income	9	123,643	-
Interest income	5	8,080,907	-
Total operating income		**8,204,550**	**-**
Administrative expenses	10	(105,738)	(10,050)
Interest expense	7	(8,080,907)	-
Total operating expenses		**(8,186,645)**	**(10,050)**
Net operating gain / (loss)		**17,905**	**(10,050)**
Other financial expense		(8,805)	(17)
Total net financial income / (loss)		**(8,805)**	**(17)**
Net profit / (loss) before taxation		**9,100**	**(10,067)**
Taxation	11	**-**	**-**
Total profit / (loss) after taxation		**9,100**	**(10,067)**
Other comprehensive income		-	-
Total comprehensive income		**9,100**	**(10,067)**

Statement of cash flow

	2021	31 August -31 December 2020
	€	**€**
Cash flows from operating activities		
Profit / (loss) before taxation	9,100	(10,067)
Adjustments for:		
Interest income from a related party	(8,080,907)	-
Interest expense from a third party	8,080,907	-
Operating cash flows before working capital changes	**9,100**	**(10,067)**
Increase in receivables and prepayments, net	(2,521,288)	(2,000)
Increase in trade, other payables and accrued expenditure, net	2,578,239	5,000
Cash generated from / (used) in operations	**66,051**	**(7,067)**
Interest paid to a third party	(4,575,000)	-
Interest received from a related party	4,575,000	-
Net cash generated from / (used) in operating activities	**66,051**	**(7,067)**
Cash flows from investing activities		
Loan provided to a related party	(292,200,000)	-
Net cash used in investing activities	**(292,200,000)**	**-**
Cash flows from financing activities		
Proceeds from stated capital and share premium contribution	75,000	15,001
Receipt of long-term borrowings	292,200,000	-
Net cash generated from financing activities	**292,275,000**	**15,001**
Net increase in cash and cash equivalents	**141,051**	**7,934**
Cash and cash equivalents at the beginning of year	**7,934**	**-**
Cash and cash equivalents at the end of year	**148,985**	**7,934**

Statement of Changes in Equity

	Share capital	Share premium	Retained deficit/	Total equity
	€	**€**	**€**	**€**
Balance as at 1 January 2021	**1**	**15,000**	**(10,067)**	**4,934**
Comprehensive income				
Net profit for the year	-	-	9,100	9,100
Total comprehensive profit for the year	**-**	**-**	**9,100**	**9,100**
Transactions with owners				
Share premium contribution	-	75,000	-	75,000
Balance as at 31 December 2021	**1**	**90,000**	**(967)**	**89,034**

	Share capital	Share premium	Retained deficit	Total equity
	€	**€**	**€**	**€**
Comprehensive income				
Net loss for the period	-	-	(10,067)	(10,067)
Total comprehensive loss for the period	**-**	**-**	**(10,067)**	**(10,067)**
Transactions with owners				
Issue of share capital	1	-	-	1
Share premium contribution	-	15,000	-	15,000
Balance as at 31 December 2020	**1**	**15,000**	**(10,067)**	**4,934**

Notes to the financial statements

1. General

Reporting entity and group structure

Atrium Finance Issuer B.V. (the “Company”) is located in Amsterdam, The Netherlands and has its registered office address at World Trade Center, Tower I, 6th floor, Strawinskylaan 1959, 1077 XX Amsterdam, the Netherlands. The registration number at the chamber of commerce is 80192262.

The Company is a wholly owned subsidiary of Atrium Finance Limited (the “Parent Company”), incorporated in Cyprus and a member of the group of companies headed by Atrium European Real Estate Limited, incorporated in Jersey (“AERE” and together with its other subsidiaries, the “Group”). AERE is the intermediate parent company of the Company and to the best of the managing directors’ knowledge Norstar Holding Inc. is the ultimate parent company. To the best of the Company’s knowledge, the ultimate controlling party is Mr. Chaim Katzman, who is the controlling shareholder of Norstar Holding Inc.

The activities of the Company consist mainly of acting as an intermediate company in the Group financing.

Financial Reporting Period

These financial statements have been prepared on the basis of the going concern assumption covering the year 2021, which started on 1 January 2021 and ended on 31 December 2021.

The financial statements of the Company as at 31 December 2021 and for the year then ended, were authorised for issue by the managing directors on 8 June 2022.

2. Basis of preparation

General

The financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and endorsed by the European Union (“EU”) and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.
The prior year financial statements for the period 31 August to 31 December 2020 have been prepared in accordance with Part 9 Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board (‘Raad voor de Jaarverslaggeving’). Based on IFRS 1 *first-time adoption* of IFRS, no impact was assessed for the comparative period.

The financial statements have been prepared under the historical cost basis and presented in Euros, the Company’s functional currency. All financial information is presented in Euros, unless stated otherwise. The Company has one operating segment for which it acts as an intermediate company in Group financing.

AERE has a strong balance sheet, 4.2 years average debt maturity and access to credit facilities and remains of the view that it has sufficient resources to manage its liquidity needs in light of COVID-19 crisis. As at 31 December 2021, AERE was in compliance with all of its financial covenants.

The Company’s Managing Directors evaluated the financial position of AERE and it’s ability to repay the notional and interest to the Company.

Based on the circumstances described above, the financial statements of the Company are prepared on the assumption of going concern. The Company will continue to monitor its solvency and liquidity position.

New standards, interpretations and amendments effective, and endorsed by the EU, as of 1 January 2021, did not have a material impact on the Annual Report.

New standards, amendments to and interoperation of existing standards that are not yet effective and have not been adopted by the Company early

The following amendments are not expected to have a significant impact on the Company:

- The IASB has made amendments to IAS 1 Presentation of Financial Statements to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. These amendments should be applied for annual periods beginning on or after 1 January 2023. Earlier application is permitted.
- The IASB amended IAS 1 Presentation of Financial Statements requiring disclosing material rather than significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. Immaterial accounting policy information does not need to be disclosed. These amendments are effective for annual periods beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted.
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors clarifies a distinction between changes in accounting policies and changes in accounting estimates. The amendments become effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.
- The IASB amended IAS 12 Income taxes require entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. Deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities should be recognised at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:
    - right-of-use assets and lease liabilities, and
    - decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

  The cumulative effect of these adjustments should be recognised in retained earnings, or another component of equity. The amendments apply for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- The IASB issued several minor amendments to IFRS Standards. The package of amendments includes narrow-scope amendments to three Standards as well as the Board's Annual Improvements, which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards. All amendments are effective 1 January 2022.
    - Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
    - Amendments to IAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
    - Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making.

- Annual Improvements make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

Use of judgements and estimates

The preparation of the financial statements requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The critical accounting estimate is assessment of expected credit losses on receivable from the parent company. Refer to Note 5 for more details.

3. Significant accounting policies

General

Assets and liabilities are generally valued at historical cost. If no specific valuation principle has been stated, valuation is at historical cost.

Financial instruments

<u>Recognition, measurement and classification</u>

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial instruments in the statement of financial position include loans to related parties, receivables from related parties, borrowings from a third party and other payables. Cash flows associated with granting of loans are presented under investing activities in the cash flow statement.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through the profit and loss ("FVPL"), transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

Financial assets and financial liabilities are subsequently measured at amortised cost using the effective interest method. The amortised cost of financial assets is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Borrowings are recorded initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in Statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position.
Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

<u>Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest</u>

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in Statement of profit or loss.

Expected Credit Lossess ("ECL")

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its receivables (both current and non-current) valued at amortized cost. This requires management judgement due to the need to factor in forward looking information when estimating the appropriate amount of provisions. The ECL is measured on either a 12-month (Stage1) or Lifetime basis (Stage 2 and Stage 3) depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure of Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime of the obligation.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.
- LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage

of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month. These three components are multiplied together and adjusted for the likelihood of survival (i.e. exposure has not prepaid or defaulted in earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed.

The Company considers among other factors AERE's compliance with external covenants, solvency statement, Group financial statements and external rating agencies. Based on the above, the loan to AERE is considered as performing assets, classified in Stage 1. As a result, the 12 months ECL is reported.

The maximum period considered when estimating ECLs is the maximum contractual period over which AERE is exposed to credit risk.

For other receivables and cash positions, a simplified ECL calculation method is applied, taking into account the probability of default, the loss given default and the remaining maturity as fraction of one year.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, short term deposits with a maturity of three months or less, and other short term highly liquid assets that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Shareholder's equity

The stated capital account consists of the proceeds received and receivable by the Company from the issue of its ordinary shares, net of direct issue costs.

Financial instruments that are designated as equity instruments by virtue of their substance are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of their substance are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognized in the profit and loss statement as financial income or expense.

The purchase of own shares is deducted from the other reserves.

Determination of results

Income and expenses are recognized in the period to which they relate.

Revenue recognition

General

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor, and it has pricing latitude.

Service fee income

Service fee income from related parties is recognized in the period in which it relates. Service fee income is included in operating income in the statement profit or loss.

Interest income

Interest income from related parties is recognized as it accrues using the effective interest period method. Interest income is included in operating income in the statement of profit or loss. Cash flows associated with interest received are presented under cash generated from operating activities in the cash flow statement.

Interest expenses

Interest expenses and other borrowing costs are recognised in the Statement of profit or loss and other comprehensive income using the effective interest method.

Cash flows associated with interest paid are presented under cash generated from operating activites in the cash flow statement.

Taxation

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is recognized in the profit and loss account except to the extent that it relates to items recognized in other comprehensive income or directly to equity, in which case it is recognized in other comprehensive income in equity, as appropriate.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.

Deferred income tax is recognised on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credits or unused tax losses can be utilized.

Related parties

Parties are generally considered to be related if they are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions considering both relations with natural persons and entities. This includes, amongst others, the relationship between the company and its shareholders, directors and key management personnel.

As part of its ordinary activities, the Company lends funds to a related party within the Group.

All transactions with related parties are at arm’s length.

Statement of cash flows

The statement of cash flows is prepared using the indirect method.

4. COVID-19

From the onset of the COVID-19 pandemic in the first quarter of 2020, AERE's indirect subsidiaries owning shopping centres within Poland, the Czech Republic, Slovakia and Russia have faced government-imposed trading restrictions.

The first quarter of 2021 commenced with trading restrictions in most of the Group's shopping centres. The restrictions began to be gradually lifted in April 2021, following the vaccination roll out and the decline in infection rates.

The duration of restrictions, the spread of the pandemic and the measures taken by the governments have had a significant negative impact on the Parent Company's subsidiaries, with a decrease in footfall as well as in tenant sales, financial and liquidity difficulties of some tenants and inability to meet their lease obligations towards the Group. However, a strong rebound was seen after each lockdown with average Q3 2021 tenant sales and footfall reaching 92% and 81% respectively of 2019 levels. During October and November 2021, the spread of Omicron variant together with the introduction of restrictions on unvaccinated customers in Czech Republic and Slovakia resulted in a decrease in footfall and sales. This has been stabilised with December sales and footfall peaked back to 90% and 74% respectively of 2019 levels.

5. Financial assets at amortised cost

On 5 February 2021 the Company granted a loan with a nominal amount of €300 million to AERE at an issuance price of 98.167% and transaction commission of €2.5 million. Resulting in a net cash outflow of €292 million (the "Loan").

The Loan bears a nominal fixed interest rate of 2.625% per annum payable in arrear on 1 September in each year until maturity in September 2027 ('Repayment Date'). The loan is measured at amortised cost which is not significantly different from its fair value.

The Loan and all accrued interest shall be repaid in full by the Borrower by no later than the Repayment Date. However, in the event that the Company decides, in its sole discretion, to redeem, or purchase and cancel the Green Notes (in accordance with the terms and conditions stipulated under the Green Notes) before its Maturity Date, the Loan and all accrued interest shall become due and payable by AERE on the same day that the payment obligations under the Green Notes by the Company become due and payable.

The carrying value of the loan from AERE at 31 December 2021 is €295,695,479 (2020: nil). Interest income related to the loan amounted to €8,080,907 for the year 2021 (2020: nil).

During 2021, AERE made an interest repayment in the amount of €4,575,000 (2020: nil) in accordance with the repayment schedule included in the loan agreement.

<u>Expected credit losses:</u>

The Loan is repayable on demand, therefore expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. As the debtor has sufficient liquidity assets to repay the loan when demanded, the probability of default is insignificant. The Loss given default equals the difference between the outstanding loan receivable at the balance sheet date (exposure at default) and the net asset value of AERE. AERE predominantly holds indirect investments which own real estate properties. The net asset value has been determined on the basis of the fair values of the investment properties and the carrying amounts of the remaining assets and liabilities. AERE's net assets value is higher than the outstanding loan balance and the estimated credit loss was assessed as nil and not recognized at the balance sheet date. The loans to AERE are performing assets, classified in Stage 1. Potential significant decrease of AERE's net asset value will be considered as a trigger for increase of credit risk of the Loan and potential reclassification to stage 2.

6. Issued share capital and share premium

The share capital of the Company consists of one issued and fully paid share with a nominal value of €1 (2020: €1).

During the year 2021, the shareholder of the Company made a capital contribution as a share premium in an amount of €75,000 (2020: €15,000).

The share premium as per 31 December 2021 amounted to €90,000 (2020: €15,000).

Retained deficit for 2021 consists of the cumulative losses of €967 (2020: €10,067).

7. Borrowings

In January 2021, the Company issued a €300,000,000 inaugural green bond ("Green Notes") under a Euro Medium Term Note ('EMTN") Programme in the Luxemburg stock exchange. The Green Notes were issued at a price of 98.167% and transaction cost of €2.5 million. Resulting in a net cash inflow of €292 million. The Green Notes are due 5 September 2027 and carry a fixed 2.625% coupon. The Green Notes are guaranteed by AERE.

The Green Notes have been assigned a rating of Baa3 by Moody's and BBB by Fitch, in line with Atrium's corporate ratings at the date of issuance.

Atrium's corporate credit rating by Fitch was downgraded in January 2022 from 'BBB' to 'BB' with a negative outlook. The corporate rating of Moody's was also downgraded in April 2022 from Baa3 to Ba2 with negative outlook.

Interest expense related to the bond amounted to €8,080,907 for the year 2021 (2020: nil).

During 2021, the Company made an interest repayment of €4,575,000 (2020: nil), in accordance with the bond repayment schedule.

Bond/Due year	Currency	Interest rate	Average time to maturity	Maturity	Fair value 31 December 2021	Effective interest rate
New Green Bonds due 2027	EUR	2.625%	5.7	2027	294,399,000	3,1%

The fair value of the bond was determined by an external appraiser using discounted cash flow models, zero-cost derivative strategies for fixing the future values of market variables.

Fair values have been determined with reference to market inputs, the most significant of which are:

- Quoted EUR yield curve;
- Volatility of EUR swap rates;
- Fair values of effected market transactions.

Fair value measurement used for the bond is categorised within Level 2 of the fair value hierarchy.

The bond is subject to the following financial covenants: the Group solvency ratio shall not exceed 60%; the Group secured solvency ratio shall not exceed 40%; the Group coverage ratio shall not be less than 1.5. All covenants were met as at 31 December 2021.

8. Accrued expenditures

		31 December 2021		31 December 2020
		€		€
Bond interest		2,523,288		-
Consultancy and audit services		40,000		5,000
Total		**2,563,288**		**5,000**

Accrued expenditures include €40,000 (2020: €5,000) amount accrued for annual audit fees payable to the external auditor PricewaterhouseCoopers Accountants N.V. (PwC) of €24,000 and €16,000 for other network by PwC for the audit of the financial statements.

9. Service fee income

In February 2021, the Company entered into an agreement with AERE to provide AERE with bond administration services ("Services") including bookkeeping, maintaining records of payments and balances, sending payment statements, collecting payments, collecting and paying any taxes and managing any funds, ensuring compliance with the bond terms and remitting any funds pursuant to any loan obligations. The service fee income charged to AERE in 2021 was €123,643 (2020: nil).

10. Administrative expenses

	31 December 2021	**31 August -31 December 2020**
	€	**€**
Employee cost	(63,925)	-
Audit fees	(40,000)	(10,000)
Office cost	(1,186)	(50)
Other	(627)	-
Total	**(105,738)**	**(10,050)**

As of 31 December 2021, the Company had 2 employees, both located in the Netherlands (2020: nil). The average number of employees of the Company in 2021 was 2 (2020: nil).

The audit fees in 2021 and 2020 relate to the audit of the Company's financial statement by the external auditor.

11. Taxation

A reconciliation between the current year tax charge and accounting profit before tax:

	31 December 2021	**31 August -31 December 2020**
	€	**€**
Profit / (loss) before tax	**9,100**	**(10,067)**
Statutory tax rate	25.0%	25.0%
Statutory nominal tax charge	(2,275)	2,517
Unrecognised tax losses	-	(2,517)
Tax effect of losses carried forward, previously not recognised	2,275	-
Total	**-**	**-**
Effective tax rate	**0%**	**0%**

12. Categories of financial instruments

The Company distinguishes the following categories of financial instruments:

31 December 2021	Carrying amount	Financial assets at amortised cost	Financial liabilities at amortised cost
	€	**€**	**€**
Financial assets			
Financial assets at amortised cost	293,172,191	293,172,191	-
Interest receivable	2,523,288	2,523,288	-
Cash and cash equivalents	148,985	148,985	-
Total financial assets	**295,844,464**	**295,844,464**	**-**
Financial liabilities			
Borrowings	293,172,191	-	293,172,191
Trade and other payables	19,965	-	19,965
Accrued expenditure	2,563,274	-	2,563,274
Total financial liabilities	**295,755,430**	**-**	**295,755,430**

31 December 2020	Carrying amount	Financial assets at amortised cost	Financial liabilities at amortised cost
	€	**€**	**€**
Financial assets			
Cash and cash equivalents	7,934	7,934	-
Total financial assets	**7,734**	**7,734**	**-**
Financial liabilities			
Accrued expenditure	5,000	-	5,000
Total financial liabilities	**5,000**	**-**	**5,000**

The fair value of the bond presented under borrowings is disclosed in note 7. The remaining financial liabilities are stated at amortised cost which is deemed not to be significantly different from fair value. The fair values of the financial assets and other financial liabilities are deemed to equal their book values.

13. Capital management

The capital structure of the Company consists of borrowings (as detailed in note 7), cash and cash equivalents and equity.

In January 2021, the Group has priced €300 million inaugural green bond offering due 5 September 2027 under its EMTN Programme carrying a fixed 2.625% coupon.

The capital structure of the Company is reviewed regularly. Based on the Managing Directors decision, the Company manages its capital structure mainly by debt raising and debt repayments.

For information about the bond covenants see note 7.

14. Risk management

The risk exposures of the Company are periodically assessed and reported to the Managing Directors.

Credit risk

Financial assets subject to credit risk are represented by cash balances and receivables due from the related parties.

A review of the credit ratings of the banking institutions is undertaken and only banks with credit ratings of an investment grade or better are selected by the Board of Directors.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or when the receivables are past due;
- collection rate;
- it is probable that the debtor or borrower will enter bankruptcy or other financial reorganization;

The debtor predominantly holds indirect investments which own shopping centres in Poland, the Czech Republic, Slovakia and Russia that have been valued by independent reputable professional valuators. The net asset value of the debtor has been determined on the basis of the fair values of the real estate properties and the carrying amounts of the remaining assets and liabilities. The Company also reviews the creditworthiness of the parent company by reviewing external publications and external rating agencies. No allowance for impairment for incurred losses in respect of receivables was recognized during the year.

Interest rate risk

Interest rate exposure arising from long term borrowings is analysed on a regular basis. As at 31 December 2021, all of the Company's borrowings were effectively at a fixed interest rate. The Loan receivables and borrowings have matching nominal amounts.

Liquidity risk

Liquidity risk is the risk that the company may be unable to meet its payment obligations. The Company's liquidity risk arises in the event that AERE will be unable to pay their commitments to Atrium Finance Issuer B.V. as the Company acts as an intermediate company in the Group financing and will then be unable to meet its bond obligations.

The amounts disclosed in the table are the contractual undiscounted cash flows.

2021	**Carrying amount**	**Total contractual cash flows**	**One year or less**	**One to two years**	**Two to five years**	**More than five years**
	€	**€**	**€**	**€**	**€**	**€**
Borrowings and accrued interest	295,695,479	347,250,000	7,875,000	7,875,000	23,625,000	307,875,000
Other liabilities	59,951	59,951	59,951	-	-	-
Total	**295,755,430**	**347,309,951**	**7,934,951**	**7,875,000**	**23,625,000**	**307,875,000**

2020	**Carrying amount**	**Total contractual cash flows**	**One year or less**	**One to two years**	**Two to five years**	**More than five years**
	€	**€**	**€**	**€**	**€**	**€**
Other liabilities	5,000	5,000	5,000	-	-	-
Total	**5,000**	**5,000**	**5,000**	**-**	**-**	**-**

15. Transactions with related parties

In 2021 out of the total employee costs of €63,925, an amount of €25,000 was paid to a managing directors. No remuneration for the managing directors applicable for 2020.

During 2021 the Company had the following transactions with AERE.

		2021	31 August -31 December 2020
		€	**€**
Service fee income	9	123,643	-
Interest income	5	8,080,907	-
Total		**8,204,550**	**-**

The following balances are outstanding at the end of the reporting period in relation to transactions with AERE.

		31 December 2021	31 December 2020
		€	**€**
Financial assets at amortised cost	5	293,172,191	-
Interest receivable	5	2,523,288	
Total		**295,695,479**	**-**

For more details follow the notes referenced above.

All transactions with related parties are at arm's length.

16. Subsequent events

Atrium's corporate credit rating by Fitch was downgraded in January 2022 from 'BBB' to 'BB' with a negative outlook. The corporate rating of Moody's was also downgraded in April 2022 from Baa3 to Ba2 with negative outlook.

Recent conflict between Russia and Ukraine led to an increased volatility in the capital and commodity markets. Series of financial and trade sanctions targeting Russia's financial system, government officials, and the overall economy were imposed. New sanctions continue to be introduced as the conflict continues. The Company does not expect any material financial impact due to the conflict.

Liad Barzilai retired as a Managing director effective from 1 June 2022.

Signed on 8 June 2022 in Amsterdam for and on behalf of Atrium Finance Issuer B.V.

Ryan Lee
Managing director

Molly Katz
Managing director

Other information

Articles of association governing profit appropriation

Article 14 of the articles of association states the following regarding profit appropriation:

1. The general meeting is authorized to appropriate the profits as determined by the adoption of the annual accounts, or a part thereof, and to resolve to make distributions. The management board is also authorized to resolve to make an interim distribution, including distributions from the reserves, but only with the prior consent of the general meeting. The company may only carry out the distribution after the management board has granted its approval.
2. The Company may make distributions to the shareholders to the extent that the Company's shareholders' equity exceeds the sum of the reserves which it is legally required to maintain.
3. The same amount will be distributed on each share, unless otherwise agreed by all shareholders.
4. In the calculation of the profit distribution, the shares held by the Company in its own capital or shares for which the company holds depository receipts, shall be disregarded.
5. The claim to a distribution is valid for 5 years after the day following the day the management board granted its approval.

Independent auditor's report

To: the general meeting of Atrium Finance Issuer B.V.

Report on the financial statements 2021

Our opinion

In our opinion, the financial statements of Atrium Finance Issuer B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2021, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2021 of Atrium Finance Issuer B.V., Amsterdam.

The financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the following statements for 2021: profit or loss and other comprehensive income, changes in cash flow and equity; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

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

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

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Independence

We are independent of Atrium Finance Issuer B.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (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).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, like our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Overview and context

The Company's main activity is the financing of group companies, through bond offerings on the international capital markets. The repayment of the bonds to the investors is guaranteed by Atrium European Real Estate Limited ("AERE"), the ultimate shareholder of the Company, as disclosed in note 1 to the financial statements. We paid specific attention to the areas of focus driven by the operations of the Company, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the managing directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph 2 of the financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the valuation of the loan issued to the group company, we considered this matter as a key audit matter as set out in the section 'Key audit matters' of this report. Furthermore, we identified the existence of the loan issued as a key audit matter because of the importance of existence for users of the financial statements.

Other areas of focus, that were not considered as key audit matters, are areas such as the impact of COVID-19 and taxation. We ensured that the audit team included the appropriate skills and competences, which are needed for the audit of a finance company. We therefore included specialists in the area of accounting and taxation in our team.

First-year audit consideration

After our appointment as the Company's auditors, we developed and executed our audit plan. As part of this plan, we carried out a process of understanding the strategy of the Company, its business, its internal control environment and IT systems. We looked at where and how this effected the Company's financial statements and internal control framework and performed additional substantive testing on the opening balances. Based on these procedures, we obtained sufficient and appropriate audit evidence regarding the opening balances. Furthermore, we prepared our risk assessment, our audit strategy and our audit plan, which we discussed with the managing directors.

Materiality
The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Based on our professional judgement, we determined the materiality for the financial statements as a whole at €1,470,000. As a basis for our judgement, we used 0.5% of total assets since it is a first year audit. We used total assets as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the stakeholders.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the managing directors that we would report to them any misstatement identified during our audit above €70,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Audit approach on fraud risks
We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the Company and its environment and the components of the internal control system. This included the managing directors' risk assessment process, the managing directors' process for responding to the risks of fraud and monitoring the internal control system. Refer to the paragraph Fraud, Integrity and Corruption prevention in the directors' report.

We evaluated the design of the internal control system and in particular internal controls designed to mitigate the fraud risks.

We asked members of the managing directors board whether they are aware of any actual or suspected fraud. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting on fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	*Our audit work and observations*
The risk of management override of controls In all of our audits, we need to perform procedures over the risk of management override of controls. This includes the evaluation of a potential misstatement due to fraud based on the potential of the managing directors bias, including processes for generating and processing journal entries and making of estimates and significant transactions outside normal business operations.	To the extent relevant to our audit, we have evaluated the design of the internal controls that are intended to mitigate the risk of the management override of controls. We have selected journal entries based on risk criteria and performed specific audit procedures on these, also paying attention to significant transactions outside normal business operations. We also performed specific audit procedures on the managing directors' estimates, with specific attention to the valuation of the loan issued to the group company. We refer to the section 'Key audit matters' for the performed audit procedures. Our work did not lead to specific indications of fraud or suspicions of fraud regarding the risk of management override of controls by the managing directors.

We incorporated an element of unpredictability in our audit. During the audit we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations.

Audit approach going concern

As disclosed in the section 'Basis of preparation - General' in note 2 of the financial statements, the managing directors performed their assessment of the company's ability to continue as a going concern for at least 12 months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the company's ability to continue as a going concern (hereafter: going-concern risks). Our procedures to evaluate managing directors' going-concern assessment included, amongst others:

- considering whether managing directors' going-concern assessment includes all relevant information of which we are aware as a result of our audit through inquiring with the managing directors regarding their most important assumptions underlying their going-concern assessment. Amongst others, management and ourselves took into consideration the impact of COVID-19, the conflict in Ukraine and the impact on the sanctions imposed on Russia and the available credit lines of AERE;
- we evaluated the financial position of the AERE which is the counterparty of loan given, and its ability to repay the notional and interest to the Company, by assessing observable data from rating agencies, current financial data (such as recent financial information and cash flows of AERE) and other publicly available data and by discussing and obtaining information from the group auditor.
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the company's operations, including compliance with relevant covenants; and
- performing inquiries of the managing directors as to their knowledge of going-concern risks beyond the period of management's assessment.

Our procedures did not result in outcomes contrary to the managing directors' assumptions and judgements used in the application of the going-concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the managing directors. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

Key audit matter	***How our audit addressed the matter***
Measurement of expected credit losses *Note 5* We considered the valuation of the financial assets at amortised cost (being the loan to the group company), as disclosed in note 5 to the financial statements for a total amount of €293,172,191, to be a key audit matter. This is due to the size of the loan and relevant impairment rules. The estimated credit loss of nil is disclosed in Note 5 to the financial statements. The managing directors have determined that the loan to group company is categorised as stage 1 loans, hence only a 12-month expected credit loss ('ECL') has been recognised. As stated in Note 4 to the financial statements, the managing directors of the Company have assessed that there has been an impact of COVID-19 however, AERE has a strong balance sheet and access to adequate credit facilities. As disclosed in note 5 the repayments have been done in accordance with the repayment schedule as included in the underlying loan agreement. The impairment rules in IFRS 9 are complex and require judgement to calculate the ECL. Amongst other things, this applies to choices and judgements made in the impairment methodology, including the determination of the point in time probability of default ('PD'), the loss given default ('LGD') and the exposure at default ('EAD'). The Loan is repayable on demand, therefore expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date The managing directors monitor the need for changes in the methods, significant assumptions or the data used in making the accounting estimate by monitoring key performance indicators that may indicate unexpected or inconsistent performance. Mainly with respect to the LGD used in the determination of the expected credit losses, the managing directors have applied significant judgement	We performed the following procedures to test the managing directors' assessment of the expected credit loss to support the valuation of the loan to AERE group companies: • We determined that the loan is repayable on demand by assessing the loan agreement. • With respect to the ECL calculation, we determined the qualification of the loan as stage 1 loan by assessing the actual performance of the loan (i.e. no significant deterioration of credit risk). We evaluated the financial position of the counterparty of the loan by assessing observable data from rating agencies, the latest available financial information and other publicly available data in order to assess if there are no adverse conditions present suggesting to classify the loan as stage 2 or stage 3 loans. We have assessed the managing directors' position on the impact of COVID-19 on the financial position of the counterparty of the loan to the group company as part of our procedures. • For the expected credit loss, we assessed that the impairment methodology and model applied by the Company were in accordance with the requirements of IFRS 9. We assessed that the AERE has sufficient assets which can be made liquid by AERE to repay the loan if the loan is demanded at the reporting date. We have assessed the managing directors' position on the impact of COVID-19 on the forward-looking information as part of our procedures. • We assessed that the PD and LGD and the assumptions, applied by the managing directors, are appropriate, and were based upon the net asset value of AERE which included the indirect

Key audit matter	How our audit addressed the matter
since the LGD considers the difference between the outstanding loan receivable at the balance sheet date (exposure at default) and the net asset value of AERE. AERE predominantly holds property companies which own real estate properties carried at fair value.	investment properties carried at fair value. Further, we assessed indicators for potential managing directors' bias. We have assessed the estimated credit loss as disclosed in the financial statements. We found the managing directors' assessment to be sufficiently rigorous. Our procedures as set out above did not indicate material differences.
Existence of the financial assets at amortised cost *Note 5* We considered the existence of the financial assets at amortised cost (being the loan to the group company), as disclosed in note 5 to the financial statements for a total amount of €293,172,191, to be a key audit matter. Significant auditor's attention is necessary because of the size of the loan and the importance of existence for users of the financial statements.	We performed the following procedures to support the existence of the loan to AERE: • We confirmed the existence of the loan with the counterparty. • We obtained and reviewed the underlying loan agreement. • We performed a substantive analytical procedure on the relationship between the interest expenses versus interest income. • We compared interest receipts with bank statements. Based on the procedures as set out above, we found no material differences.

Unaudited corresponding figures

We have not audited the financial statements for the 5 months period ended 31 December 2020. Consequently, we have not audited the corresponding figures included in the statement of profit or loss and other comprehensive income, the statement of changes in equity, statement of cash flow and the related notes.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

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

By performing our 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 such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The managing directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

This is the first year that we are appointed as auditors of Atrium Finance Issuer B.V. by the managing directors. This followed the passing of the engagement letter dated 16 December 2021 and now represents a total period of uninterrupted engagement of 1 year.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

We have rendered no other services for the period to which our statutory audit relates, in addition to the audit that we have provided to the Company.

Responsibilities for the financial statements and the audit

Responsibilities of the managing directors

The managing directors are responsible for:

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

As part of the preparation of the financial statements, the managing directors are responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the managing directors should prepare the financial statements using the going-concern basis of accounting unless the managing directors either intend to liquidate the Company or to cease operations or has no realistic alternative but to do so. The managing directors should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They 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.

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

A more detailed description of our responsibilities is set out in the appendix to our report.

Utrecht, 8 June 2022
PricewaterhouseCoopers Accountants N.V.

Original has been signed by T.M.B. van de Lagemaat RA

Appendix to our auditor’s report on the financial statements 2021 of Atrium Finance Issuer B.V.

In addition to what is included in our auditor’s report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor’s responsibilities for the audit of the financial statements

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 consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the managing directors.
- Concluding on the appropriateness of the managing directors’ use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease 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 managing directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the managing directors in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor’s report.

We provide the managing directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the managing directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.