AVENIR III B.V.
(Amsterdam)

FINANCIAL STATEMENTS
June 30, 2021

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Directors and general information:

Directors	TMF Management B.V.
Initial purchaser	HSBC Bank plc 8 Canada Square London E14 5HQ United Kingdom
Trustee	TMF Trustee Limited 6 St. Andrew Street London EC4A 3AE United Kingdom
Principal paying agent and cash manager	The Bank of New York Mellon, London Branch One Canada Square London E14 5LH United Kingdom
Independent auditors	Mazars Accountants N.V. Mazars Tower Delflandlaan 1 1062 EA Amsterdam The Netherlands
Registered office	Herikerbergweg 238 1101 CM Amsterdam The Netherlands

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Managing Director's Report

The management herewith submits the financial statements of Avenir III B.V. (the "Company") for the financial period from July 1, 2020 until June 30, 2021. The significant accounting policies are further detailed in Section B and D of the Notes to the financial statements.

Principal activities

Transaction
On November 28, 2017 the Company, a bankruptcy-remote special purpose vehicle incorporated under the laws of the Netherlands, entered into the Avenir Asset Backed Medium Term Note Programme ("the Programme"). Under the Programme the Company may issue Notes from time to time up to a maximum aggregate principal amount of EUR 10,000,000,000 (or its equivalent in other currencies at the time of the agreement to issue.

On November 28, 2017 the Company issued GBP 122,000,000 Loan participation Notes Series 2017-1 ("Notes") which are due in November 2054 for the sole purpose of using the proceeds of the issuance of the Notes in order to finance the purchase price of such portfolio of commercial mortgage loans.

Both the Programme and the Notes are listed on the International Stock Exchange.

Limited recourse
The Notes are limited recourse obligations of the Company and are payable solely out of amounts received by or on behalf of the Company in respect of the portfolio of commercial mortgage loans. Payments on the Notes, both prior to and following the enforcement of the security over the collateral are subordinated to the prior payment of certain fees and expenses of the Company. The net proceeds of the realisation of the security over the collateral following an event of default may be insufficient to pay all amounts due to the Noteholders. In this event, the Company will not be obliged to make any further payments to the Noteholders and all claims against the Company will be extinguished.

Financial performance indicators
Financial income is determined by the interest rates on the portfolio of commercial mortgage loan.

Financial instruments and risk management
The Company's risk management objectives and strategy to its use of financials instruments are described below:

The Company's activities expose it to a variety of financial risks: credit and counterparty risk, market risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. In addition, the Notes are limited recourse obligations of the Company and are payable solely out of amounts received by or on behalf of the Company in respect of the collateral. Payments on the Notes, both prior to and following the enforcement of the security over the collateral are subordinated to the prior payment of certain fees and expenses of the Company. The net proceeds of the realization of the security over the collateral following and event of default may be insufficient to pay all amounts due to the Noteholders. In this event, the Company will not be obliged to make any further payments and all claims against the Company will be extinguished. Therefore, the overall financial risks are passed on from the Company to the Noteholders. Details are set out below.

Credit risk
The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises only with respect to the portfolio of commercial mortgage loans. Credit losses may arise from deterioration in credit worthiness of an obligor, including ultimately its failure to meet payment obligations (repayment of principal). The credit risk is managed by assessing the market

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value of security pledged against the commercial mortgage loans.

Cash will expose the Company to risk of counterparty default. To mitigate the counterparty credit risk of the cash, the Company has a policy of only entering into contracts with carefully selected major financial institutions satisfying the rating requirement and which has the necessary regulatory capacity and licenses to perform the services required of it.

Although the servicer, on behalf of the Company, will perform certain loan administration, management and reporting duties in connection with the commercial mortgage loans, there can be no assurance that the commercial mortgage loans in which the Company invests will not be subject to credit difficulties, leading to the loss of some or all the sums invested in such security. The Company may also be exposed to a credit risk on parties with whom it trades and may also bear the risk of settlement default.

The Company invests in commercial mortgage loans. The nature of the commercial mortgage loans reflect a great possibility that adverse changes in the financial condition of an obligator or in general economic conditions or both may impair the ability of the relevant obligator, as the case may be, to make payments of principal or interest. The Company does not use any form of external credit enhancement and there is no guarantee provider in the transaction. Overall credit risk of the Company will be passed on to the Noteholders.

Market risk
The Company is exposed to the risk of reductions in earnings and/or value, arising from unexpected changes in interest rates and exchange rates.

Currency risk
The Company's accounts are denominated in GBP and EUR. The commercial mortgage loans, as well as the Notes issued are denominated in GBP. The Company is therefore not exposed to currency risk.

Liquidity risk
The Company invests in the commercial mortgage loans, which exposes the Company to liquidity risk. As a result, there may be a mismatch between the principal repayment of the assets to the Company and the Company's principal payable to the Noteholders. The ultimate mismatch risk is borne by the Noteholders.

Business review and result for the period
Brexit
On June 23, 2016, the United Kingdom electorate voted to leave the European Union (the ‘Brexit’). It is difficult to predict the future of the UK’s relationship with the EU, which uncertainty may increase the volatility in the global financial markets in the short and medium term. The Investment Manager will continue to monitor the consequences of the Brexit for the portfolio as a whole and GBP denominated assets in particular and will take the appropriate actions where necessary.

Market development
The capital value of UK commercial property is anticipated to decline by 12% in real terms in 2020, followed by a moderate 1% increase in 2021. According to CBRE leading global real estate firm, commercial property capital values increased in December despite a steep decline over the year 2020. In December, capital values rose by 0.3%, representing the first-time values have increased at all property level since October 2018. However, that enthusiasm was counter-balanced by the figures that show that capital value growth for the year was -7.6%. Capital values across all UK Commercial property increased by 0.5% in May 2021, however, the Office sector saw capital value growth of -0.2% over May. In the 12 months to December 2021, average all-retail rental values have declined by -3.1%, compared with -8.7% over the previous 12 months. The Q2 2021 RICS UK Commercial Property Survey results point to an improvement in overall market sentiment, with the share of respondents now sensing conditions are consistent with an upturn rising to 56% from 38% in the previous report. Supporting this, demand trends appear much more stable in the office sector relative to recent quarters, while the industrial sector continues to see sharp growth in interest from both occupiers and investors. There remains a wide dispersion in demand conditions at the sector level, with the latest net balances standing at +63% for industrials (+57% last time), -3% for offices (-34% in Q1) and -25% across the retail sector (-55% previously).

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Result
During the period under review, the Company recorded a profit of GBP 12,727 (2020: GBP 12,023), which is set out in detail in the attached statement of income and expenses.

Subsequent events
After year-end there were scheduled repayments on the loan receivables, of which the proceeds were used to redeem the related Series of Notes:

Date	Amount (in GBP)		Series of Notes
August 17, 2021	GBP	2,188,609	Series 2017-1
February 17, 2022	GBP	7,276,332	Series 2017-1
May 17, 2022	GBP	4,745,930	Series 2017-1
August 17, 2022	GBP	2,256,474	Series 2017-1
Total	GBP	16,467,345	

On February 24, 2022, Russian forces invaded Ukrainian national territories. The international community has responded to these actions by imposing severe sanctions on Russian individuals, companies and their assets. The Company's management, as well as other transaction parties, are dedicated to strictly adhere to these sanctions. The situation, however, has created global uncertainty and the full impact of the imposed sanctions on the global economy may be hard to predict.

Global insecurity and inflation have also had its impact on the UK economy. The leadership changes following several controversial plans to support the economy have added to the insecurity and any positive effects on the economy have yet to emerge.

Other than the above, we are not aware of any other subsequent events that need to be disclosed.

Future developments
Based on current insight in the markets, the Company does not foresee the need to substantially change its strategy of investments and financing.

Composition of the board of directors:
The board of directors does not consist of any natural persons, as such, no gender information has been disclosed. For further information, please refer to the management report of the Director.

Amsterdam, November 25, 2022

TMF Management B.V.

(Expressed in British Pounds)

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BALANCE SHEET
June 30, 2021
(before appropriation of the result)

ASSETS

		06/30/21			06/30/20
		GBP	GBP	GBP	GBP
FIXED ASSETS:					
Financial fixed asset:	(1)				
Investment	(2)	76,978,821		80,856,776	
			76,978,821		80,856,776
CURRENT ASSETS:					
Interest receivable	(3)	2,146,015		1,680,113	
Other receivables and prepaid expenses		-		8,179	
Cash and cash equivalents	(4)	1,141,081		657,062	
			3,287,096		2,345,354
			80,265,917		83,202,130

SHAREHOLDER'S EQUITY AND LIABILITIES

		06/30/21			06/30/20
		GBP	GBP	GBP	GBP
SHAREHOLDER'S EQUITY:	(5)				
Issued share capital		1		1	
Retained earnings		(12,727)		(11,619)	
Result for the period		12,727		12,023	
			1		405
NON-CURRENT LIABILITIES:					
Notes payable	(6)		80,185,540		83,136,962
CURRENT LIABILITIES:					
Corporate income tax		4,888		9,162	
Other payables and accrued expenses		75,488		55,601	
			80,376		64,763
			80,265,917		83,202,130

(Expressed in British Pounds)

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STATEMENT OF INCOME AND EXPENSES
for the year ended June 30, 2021

			07/01/20 - 06/30/21		07/01/19 - 06/30/20
		GBP	GBP	GBP	GBP
FINANCIAL INCOME AND EXPENSES:					
Interest income	(7)	5,658,408		5,872,878	
Interest expense	(8)	(56,632)		(56,787)	
Other Financial income and expense	(9)	(5,410,621)		(5,450,611)	
Currency exchange result - net		(4)		7	
Total financial income and expenses			191,151		365,487
OPERATIONAL INCOME AND EXPENSES:					
Administrative expenses	(10)		(176,044)		(350,868)
Net operating result			15,107		14,619
Impairment loss charged assets		(743,976)		(687,925)	
Attribution of impairment to Noteholders		743,976		687,925	
			-		-
Result from ordinary activities			15,107		14,619
Income tax expense	(11)		(2,380)		(2,596)
Result after tax			12,727		12,023

(Expressed in British Pounds)

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CASH FLOW STATEMENT
for the year ended June 30, 2021

		07/01/20 - 06/30/21		07/01/19 - 06/30/20
	GBP	GBP	GBP	GBP
CASH FLOWS FROM OPERATING ACTIVITIES				
Other expenses paid/income received	(148,932)		216,396	
Income tax paid	(6,181)		-	
Administrative expenses paid	(153,132)		(336,508)	
Interest received	4,368,118		4,797,637	
Net cash from operating activities		4,059,873		4,677,525
CASH FLOW FROM INVESTING ACTIVITIES				
Proceeds from financial fixed assets	3,963,485		6,578,210	
Net cash from investing activities		3,963,485		6,578,210
CASH FLOWS FROM FINANCING ACTIVITIES				
Interim dividends paid (Note 5)	(13,131)		(12,023)	
Redemption of the Notes	(7,525,767)		(11,057,423)	
Net cash (used in) / from financing activities		(7,538,898)		(11,069,446)
Net cash flow		484,460		186,289
Exchange rate differences and translation differences on cash and cash equivalents		(441)		733
Increase in cash and cash equivalents		484,019		187,022

The movement of cash and cash equivalents is as follows:

Balance as at 1 July	657,062	470,040
Movement for the year	484,019	187,022
Balance as at 30 June (Note 4)	1,141,081	657,062

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

A. General

Incorporation
The Company was incorporated on November 3, 2017 under the name of Avenir III B.V. and is wholly owned by Stichting Avenir III. The Company has its registered address at Luna ArenA, Herikerbergweg 238, 1101CM Amsterdam, the Netherlands. The Company's Chamber of Commerce registration number is 69992576. The authorized share capital of the Company consists of 1 share with a par value of EUR 1. At June 30, 2021 all shares remained in issue and fully paid. The Company has no employees.

Structure of operations
The Company is an entity for securitization purposes according to Art. 1 ministerial decree prudence rules Financial Supervision Act (Article 1, Decree on Prudential Rules for Financial Undertakings) under the laws of the Netherlands.

The Avenir III Asset Backed Medium Term Note Programme (the "Programme") has been established for the issuance of secured medium term notes (the "Notes") which will be issued by the Company, to be secured as described herein, denominated in such currencies as may be agreed with any relevant dealer. The maximum aggregate principal amount of all Notes from time to time outstanding in respect of the Company will not exceed EUR 10,000,000,000 (or its equivalent in other currencies at the time of agreement to issue).

A specified pool of assets (the "Charged Assets") and other rights (together with the "Charged Assets" the "Underlying Assets") for each Series of Notes will be available to meet the obligations of the Company to the Holders of such Series of Notes and all other obligations of the Company attributable to that Series (including obligations under any Related Agreement). If the amounts received from the Underlying Assets (whether or not any security granted in respect thereof has been enforced) are insufficient to make payment of all amounts due in respect of the Notes of the relevant Series and all other obligations attributable to that Series (after meeting the Issuer's, Trustee's, the Paying Agent's, and any Receiver's expenses, liabilities and remuneration and any other amounts that rank in priority to the Notes of that Series) no other assets of the Company will be available to meet that shortfall and all further claims of the Holders in respect of such Notes will be extinguished.

The Issuer may issue listed or unlisted notes under the Programme. Details of the aggregate principal amount, interest (if any) payable, the issue price, the Charged Assets and any other Conditions not contained in the Programme Information Memorandum, including any security, which are applicable to each Series or Tranche of Notes will be contained in a pricing supplement (a "Pricing Supplement") relating to the Notes or, if the Notes are admitted to the Official List of the Euronext Dublin (previously known as Irish Stock Exchange) or any other regulated stock exchange in the EU, a securities note and registration document (containing, where necessary, the applicable summary note) (a "Listing Document") relating to the Notes.

Series 2017-1
On November 28, 2017 the Company issued GBP 122,000,000 Loan participation Notes Series 2017-1 ("Notes") which are due in 2054 for the sole purpose of using the proceeds of the issuance of the Notes in order to finance the purchase price of such portfolio of commercial mortgage loans.

Program information memorandum/pricing supplements
The information disclosed under the notes to the financial statements is partly derived from the full text and definitions of the Program information memorandum/Pricing supplements. Any decision to buy, sell or hold Notes issued by the Company should not be based solely on the information in these financial statements (including the notes thereto). Investors should also refer to the respective Program information memorandum/Pricing supplements which, amongst other, gives a more thorough and detailed description of the risks involved with investing in each Series of Notes issued by the Company. However, these documents do not form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
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Investment objective and strategy

Investment objective
The Company is incorporated to seek above average returns while preserving capital by investing it in the commercial mortgage loans.

Investment strategy
The Company invests the proceeds from the Notes issued into commercial mortgage loans. The repayments of the underlying commercial mortgage loans are used to pay principal to the noteholders. The strategies set by the Company in achieving its objectives regarding the use of its financial assets and liabilities were set when the Company entered into the Programme, or, as the case may be, into the relevant Series. In all cases, the maximum aggregate principal amount of all notes from time to time issued by the Company will not exceed EUR 10,000,000,000 or its equivalent in other currencies at the time of the agreement to issue, calculated on the basis specified in Summary of Conditions of the Programme and the Notes.

On 28 November 2017, the Company has issued GBP 122,000,000 Loan Participation Notes due 2054 under Series 2017-1. The Notes are issued in bearer form in denominations of GBP 100,000. The net proceeds of the Notes have been used to purchase commercial mortgage loans from Global Talasa S.L.U, whereby the commercial loan borrowers are the owners of commercial real estate situated in the United Kingdom.

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NOTES TO THE FINANCIAL STATEMENTS
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B. Significant accounting policies

Financial Reporting period

These financial statements have been prepared for a reporting period of one year.

Basis of preparation

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

The assets, liabilities, equity and the determination of the results have been prepared on the historical cost basis, unless otherwise stated.

Management has prepared the financial statements on November 25, 2022.

Foreign currencies

The financial statements are denominated in British Pounds ("GBP"), which is the functional and presentation currency of the Company. The significant transactions are denominated in GBP.

Foreign currency transactions in the reporting year are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities, denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates are recognised in the statement of income and expenses.

The year-end closing exchange rate used for translation purposes is as follows:

	June 30, 2021	June 30, 2020
EUR	0.8581	0.9124

Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question. Please refer to paragraph D for further explanation.

Comparison with prior year

The principles of valuation and determination of result remain unchanged compared to the prior year.

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Significant accounting policies in respect of the valuation of assets and liabilities

Financial fixed asset

Portfolio of mortgage receivables
The Portfolio is valued using the amortized cost method. Under this method, the Company's portfolio is initially recognized at its acquisition cost (i.e. the fair value) with an adjustment for the amortisation of premium paid or the accretion of discounts received, rather than the current market value. The premium and discounts are amortised over the life of the Loans receivable and recognized in the statement of income and expenses.

On the balance sheet date, the Company tests whether there are any indications of an asset which could be subject to impairment. If there are such indications, the recoverable amount of the assets concerned is estimated. An asset is subject to impairment if its book value is higher than its recoverable value. Impairment is recognized as an expense in the statement of income and expenses.

Accounts receivable

Current assets are stated at face value net of provisions for doubtful debts, where necessary.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and deposits held at call with maturities of less than 3 months. Cash and cash equivalents are stated at face value.

Notes payable

Notes are initially recognised at fair value, being the amount received taking into account any permium or discount less transaction costs. Since credit risk on the loans receivable is passed on to the Noteholders, impairment loss on this asset, if any, are attributed to the Notes and deducted from the nominal amount payable.

Discounts on Notes, if any, are amortised over the term of the Notes.

Current liabilities

Current liabilities are recognised initially at fair value and subsequently measured at amortised cost. All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short term character.

Offsetting

Financial assets and liabilities are off set and presented at their net amount in the balance sheet when the Company has a legal right to offset the amounts. The Company should have the intentions to either settle on a net basis or to realise the asset and settle the liability simultaneously.

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NOTES TO THE FINANCIAL STATEMENTS
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Significant accounting policies in respect of result determination

Result

Profits and losses on transactions are recognized in the year they relate to. Expenses are recognized when obligations are incurred.

Financial income and expenses

Income or expenses arising on the underlying loan receivable, together with bank interest, is recognized on an accrual basis. All income and expenditures from the assets, Notes issued and other borrowing and/or lending that have the character of interest payments are recognized as interest income or interest expense respectively. The straight line method is used in the absence of any material difference from the effective interest method.

Interest income and expenses are time apportioned, taking into account the effective interest rate for the relating assets and liabilities. The treatment of interest expense for loans received takes account of any transaction costs.

Administrative expenses

Expenses are recognized on the historical cost convention and are allocated to the reporting year to which they relate.

Income tax expense

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

Corporate income tax

The pre-tax result for the year is calculated based on the opinion of Dutch legal counsel. This opinion mentions the minimum pre-tax result for a number of years.

VAT

The Company is not considered to be an entrepreneur for VAT purposes.

Notes to the cash flow statement

The cash flow statement is prepared in accordance with the direct method. The liquidities in the cash flow statements comprise of cash in hand, current balances with banks and call deposits with maturities of less than 3 months. Cash flows in foreign currencies are translated at estimated average rates. Receipts and payments, in connection with interest and taxation on profits, are taken up under cash flow from operating activities. Dividends paid are recognised as cash used in financing activities. Investing activities are those activities relating to the acquisition, holding and disposal of financial fixed assets and of investments. Investments can include securities not falling within the definition of cash.

Related-party transactions

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

Significant transactions with related parties are disclosed under "other disclosures". All transactions are executed at normal market conditions.

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NOTES TO THE FINANCIAL STATEMENTS
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C. Financial instruments, risk management

General

The Company's principal financial instruments during the year comprised loan receivables and notes drawn. loans. The main purpose of these financial instruments is to finance the Company's operations.

The Company's activities expose it to a variety of financial risks: credit and counterparty risk, market risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. In addition, the Notes are limited recourse obligations of the Company and are payable solely out of amounts received by or on behalf of the Company in respect of the collateral. Payments on the Notes, both prior to and following the enforcement of the security over the collateral are subordinated to the prior payment of certain fees and expenses of the Company. The net proceeds of the realization of the security over the collateral following and event of default may be insufficient to pay all amounts due to the Noteholders. In this event, the Company will not be obliged to make any further payments and all claims against the Company will be extinguished. Therefore, the overall financial risks are passed on from the Company to the Noteholders. Details are set out below.

Credit risk

The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises only with respect to the portfolio of commercial mortgage loans. Credit losses may arise from deterioration in credit worthiness of an obligor, including ultimately its failure to meet payment obligations (repayment of principal). The credit risk is managed by assessing the market value of security pledged against the commercial mortgage loans.

Cash will expose the Company to risk of counterparty default. To mitigate the counterparty credit risk of the cash, the Company has a policy of only entering into contracts with carefully selected major financial institutions satisfying the rating requirement and which has the necessary regulatory capacity and licenses to perform the services required of it.

Although the servicer, on behalf of the Company, will perform certain loan administration, management and reporting duties in connection with the commercial mortgage loans, there can be no assurance that the commercial mortgage loans in which the Company invests will not be subject to credit difficulties, leading to the loss of some or all the sums invested in such security. The Company may also be exposed to a credit risk on parties with whom it trades and may also bear the risk of settlement default.

The Company invests in commercial mortgage loans. The nature of the commercial mortgage loans reflect a great possibility that adverse changes in the financial condition of an obligator or in general economic conditions or both may impair the ability of the relevant obligator, as the case may be, to make payments of principal or interest. The Company does not use any form of external credit enhancement and there is no guarantee provider in the transaction. Overall credit risk of the Company will be passed on to the Noteholders.

Market risk

The Company is exposed to the risk of reductions in earnings and/or value, arising from unexpected changes in interest rates and exchange rates.

Currency risk

The Company's accounts are denominated in GBP and EUR. The commercial mortgage loans, as well as the Notes issued are denominated in GBP. The Company is therefore not exposed to currency risk.

Liquidity risk

The Company invests in the commercial mortgage loans, which exposes the Company to liquidity risk. As a result, there may be a mismatch between the principal repayment of the assets to the Company and the Company's principal payable to the Noteholders. The ultimate mismatch risk is borne by the Noteholders.

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D. Critical accounting estimates and judgments

Application of the accounting policies in the preparation of the financial statements requires the management of the Company to apply judgment involving assumptions and estimates concerning future results or other developments, including the likelihood, timing or amount of future transactions or events. There can be no assurance that actual results will not differ materially from those estimates. Accounting policies that are critical to the financial statement presentation and that require complex estimates or significant judgment are described below.

Fair value estimation of financial instruments
The Company discloses the fair value of the financial instruments in the notes to the financial statements. For assets for which observable market prices or parameters are not available, the recoverable amount of the individual assets is subject to estimation uncertainty as significant judgment is applied.

The following methods and assumptions were used to estimate fair values:

Notes
The fair value of loan Notes is the residual balance of the fair value of Commercial Mortgage Loans, derivative, current assets and current liabilities.

Portfolio
The fair value of financial assets and financial derivatives that are not traded in an active market is determined by using valuation techniques. The Company obtains the valuations from the servicer, the swap counterparty or other third parties. The fair value of the assets meets the book value after taking into consideration any impairment.

The Covid-19 pandemic has led to a higher degree of estimation uncertainty in the real-estate market. Avenir III has a property portfolio of GBP 80 million, consisting of commercial mortgage loans. The estimation uncertainty has increased in particular for the retail sector.

During the period under review, two loans with a book value before impairment of GBP 12.6 million, namely Cirencestern and Shrewbury, have been impaired with a cumulative impairment amounting to GBP 9.3 million.

The recoverable value is determined by taking into account the value of the property if it were to be sold in its current condition. The recoverable value for the two impaired loans is as follows:
- Cirencester (1,250,000 GBP and 2,322.5 sqm)
- Shrewbury (2,000,000 GBP and 5,168.2 sqm)

The management board has used assumption, estimates and judgements that are inherently subject to uncertainties which have been increased by the Covid-19 pandemic. The increased uncertainties include a structural decline in demand for shops and the possibility of reletting shops.

In the opinion of the management, the valuation of the property has been determined to the highest possible degree of reliability based on the information known. However, actual developments may differ from the assumptions used, and consequently the actual outcome may differ significantly from the current valuation of the property. The estimates can therefore have a significant impact on equity and profit, the effects of which will be borne by the Noteholders.

Impairment estimate of financial assets
The portfolio of financial assets is initially measured at fair value and subsequently carried at amortized cost less impairment losses.

The company tests whether the Commercial Mortgage Loans are subject to impairment based on the proceeds of subsequent cash flows as of the date of preparation of the financial statements.

(Expressed in British Pounds)

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

(1) Financial fixed asset

The Financial Fixed Asset is comprised as follows:

	Investments GBP
Balance as at July 1, 2019	-
	87,293,647
PIK	676,627
Loan repayment	(6,518,460)
Impairment movement	(687,925)
Amortisation of premium/discount	92,887
Balance as at June 30, 2020	80,856,776
PIK	731,756
Loan repayment	(3,958,368)
Impairment movement	(743,976)
Amortisation of premium/discount	92,633
Balance as at June 30, 2021	76,978,821

Movement of the impairment balance:	**Impairments** GBP
Balance of impairment provision as at July 1, 2019	7,895,880
Impairment charge	687,925
Impairment balance as at June 30, 2020	8,583,805
Impairment charge	743,976
Impairment balance as at June 30, 2021	9,327,781

(2) Investment

The Company used the proceeds of the Notes issue GBP 122,000,000 for the sole purpose of financing the purchase price of such portfolio of commercial mortgage loans. The underlying properties of commercial mortgage loans are all based in UK. The majority of the properties are comprised of: Hotels, Industrial, Leisure, Offices, Distribution, Retails and Retails Warehouse. The individual mortgage loan will be repaid on each interest payment date commencing from February 2018.

The interest receivable on the mortgages is determined by the underlying loan agreements.

As at June 30, 2021, an impairment amounting to GBP 9,327,781 was included in the portfolio of commercial mortgage loans.

(Expressed in British Pounds)

AVENIR III B.V.
(Amsterdam)

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

(3) Interest receivable

	06/30/21	06/30/20
	GBP	GBP
Interest receivable loans	2,146,015	1,680,113

(4) Cash and cash equivalents

Cash and cash equivalents are comprised as follows:

	06/30/21	06/30/20
	GBP	GBP
ABN AMRO Bank N.V.	5,273	10,285
The Bank of New York Mellon	1,135,808	646,777
	1,141,081	657,062

Cash and cash equivalents are at free disposal of the Company.

(Expressed in British Pounds)

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

(5) Shareholder's equity

The movements in the shareholder's equity are comprised as follows:

	Issued share capital GBP	Retained earnings GBP	Result for the period GBP	Total GBP
Balance as at July 1, 2019	1	(25,212)	25,616	405
Allocation of result	-	25,616	(25,616)	-
Result for the period	-	-	12,023	12,023
Interim dividend	-	(12,023)	-	(12,023)
Balance as at June 30, 2020	1	(11,619)	12,023	405
Allocation of result	-	12,023	(12,023)	
Result for the period	-	-	12,727	12,727
Interim dividend	-	(13,131)	-	(13,131)
Balance as at June 30, 2021	1	(12,727)	12,727	1

The authorized share capital of the Company consists of 1 share with a par value of EUR 1. The authorised share capital amount is GBP 1,08 at the exchange rate as per the incorporation day. At June 30, 2021 all shares were issued and fully paid.

Interim dividend of EUR 14,165 (GBP 12,727) was paid on November 30, 2020 and EUR 448 (GBP 404) was paid on April 15, 2021 to the shareholder.

During the year under review, an interim and final dividend amounting to EUR 14,613 or GBP 13,131 was distributed out of the Company's retained earnings. The managing directors propose to allocate the net profit for the year 2021 to the retained earnings. This proposed appropriation of profit has not been reflected in the Company's balance sheet per June 30, 2021.

(Expressed in British Pounds)

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

(6) Notes payable

Notes payable are comprised as follows:

	06/30/21	06/30/20
	GBP	GBP
Series 2017-1 Notes	68,038,492	75,564,258
Discount on Notes	(1,893,536)	(1,950,168)
Attribution of impairment to Noteholders	(9,327,781)	(8,583,805)
Attributed excess result	23,368,365	18,106,677
	80,185,540	83,136,962

Attributed excess result comprises of excess results on the loan portfolio, which, in accordance with the payment and distribution clauses of the Pricing Supplement, are attributable to the Noteholders.

Nature of the Notes
On November 28, 2017 the Company issued GBP 122,000,000 Loan participation Notes Series 2017-1 ("Notes") which are due in November 2054 for the sole purpose of using the proceeds of the issuance of the Notes in order to finance the purchase price of such portfolio of commercial mortgage loans.

The Notes are not rated.

The Notes are listed on the International Stock Exchange.

The Notes are limited recourse obligations of the Company and are payable solely out of amounts received by or on behalf of the Company in respect of the collateral. Payments on the Notes, both prior to and following the enforcement of the security over the collateral are subordinated to the prior payment of certain fees and expenses of the Company. The net proceeds of the realisation of the security over the collateral following an event of default may be insufficient to pay all amounts due to the Noteholders. In this event, the Company will not be obliged to make any further payments to the Noteholders and all claims against the Company will be extinguished.

Interest:
The Notes are not interest bearing notes.

During the year, there were redemptions of Notes amounted to GBP 7,525,766 by using the proceeds received from the repayments and interests of the Commercial Mortgage Loans, in accordance with the priority of payments.

Note redemptions
During the year, the following redemptions were made on Notes:

Date	Amount (in GBP)		Series of Notes
August 17, 2020	GBP	2,025,093	Series 2017-1
November 17, 2020	GBP	1,208,226	Series 2017-1
February 17, 2021	GBP	2,114,810	Series 2017-1
May 17, 2021	GBP	2,177,637	Series 2017-1
Total	GBP	7,525,766	

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NOTES TO THE FINANCIAL STATEMENTS
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(7) Interest income

Interest income is comprised as follows:

	07/01/20 - 06/30/21	07/01/19 - 06/30/20
	GBP	GBP
Interest income loan receivable	4,834,019	5,103,366
Interest income PIK	731,756	676,626
Amortisation of premium/discount on the loans	92,633	92,886
	5,658,408	5,872,878

(8) Interest expense

Interest expense is comprised as follows:

	07/01/20 - 06/30/21	07/01/19 - 06/30/20
	GBP	GBP
Amortization of discount on the Notes	(56,632)	(56,787)

(9) Other Financial income and expense

	07/01/20 - 06/30/21	07/01/19 - 06/30/20
	GBP	GBP
Loan early redemption compensation	(7,346)	(216,446)
Loan release fees	-	50
Loan fund request	156,278	-
Addition to estimated value diminution of the Notes	5,261,689	5,667,007
	5,410,621	5,450,611

(10) Administrative expenses

The administrative expenses are comprised as follows:

	07/01/20 - 06/30/21	07/01/19 - 06/30/20
	GBP	GBP
Audit fee	(21,505)	(17,665)
Other administrative expenses	(30,156)	(27,894)
Operational cost	(7,217)	(7,826)
Servicer fee	(117,166)	(297,483)
	(176,044)	(350,868)

The audit fee mentioned solely comprises the fee (including VAT) of external auditor Mazars Accountants N.V. for the statutory audit of the financial statements. The external auditor has not charged any fees relating to other audit engagements, tax-related advisory services or other non-audit services.

(Expressed in British Pounds)

AVENIR III B.V.
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

(11) Income tax expense

The taxation is comprised as follows:

	07/01/20 - 06/30/21	07/01/19 - 06/30/20
	GBP	GBP
Corporate income tax	(2,380)	(2,596)

The effective tax rate of the corporate income tax is 15.76% (2020: 17.76%). The prevailing tax rates for 2021 in the Netherlands is 15% over profits up to and including EUR 200,000 (2020: 16.50% over profits up to and including EUR 200,000).

(Expressed in British Pounds)

AVENIR III B.V.
(Amsterdam)

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Other disclosures

Average number of employees

During the period under review the Company did not employ any personnel and, consequently, no payments for wages, salaries or social securities were made.

Audit Committee

The Company is an entity for securitization purposes according to Article 1 ministerial decree prudence rules Financial Supervision Act (Article 1, Decree on Prudential Rules for Financial Undertakings). As such the Company makes use of the exemption for securitization vehicles, concerning the obligation to establish an audit committee as defined in article 3d of the implementing regulation enforcing Article 41 of the European Directive no. 2006/43/EG. The implementing regulation came into effect in the Netherlands on August 8, 2008. The duties of the audit committee rests with the managing directors.

Remuneration of directors and supervisory board

The Company's Board of Directors consists of one member, who serves without remuneration.

Subsequent events

After year-end there were scheduled repayments on the loan receivables, of which the proceeds were used to redeem the related Series of Notes:

Date	Amount (in GBP)		Series of Notes
August 17, 2021	GBP	2,188,609	Series 2017-1
February 17, 2022	GBP	7,276,332	Series 2017-1
May 17, 2022	GBP	4,745,930	Series 2017-1
August 17, 2022	GBP	2,256,474	Series 2017-1
Total	GBP	16,467,345	

On February 24, 2022, Russian forces invaded Ukrainian national territories. The international community has responded to these actions by imposing severe sanctions on Russian individuals, companies and their assets. The Company’s management, as well as other transaction parties, are dedicated to strictly adhere to these sanctions. The situation, however, has created global uncertainty and the full impact of the imposed sanctions on the global economy may be hard to predict.

Global insecurity and inflation have also had its impact on the UK economy. The leadership changes following several controversial plans to support the economy have added to the insecurity and any positive effects on the economy have yet to emerge.

Other than the above, we are not aware of any other subsequent events that need to be disclosed.

Amsterdam, November 25, 2022

TMF Management B.V.

AVENIR III B.V.
(Amsterdam)

OTHER INFORMATION
June 30, 2021

Independent auditor's report

The independent auditor's report is included on the next page.

Statutory provision regarding appropriation of Result

In accordance with article 21 of the articles of association, profit shall be at the disposal of the annual general meeting of shareholders. Profit distribution can only be made to the extent that shareholder's equity exceeds the issued and paid-up share capital and legal reserves. Any decision to distribute profits, requires the approval of the Board of Directors. Such approval can only be refused, if the Board of Directors knows or can be reasonably expected to know that the Company will no longer be in a position to meet its financial obligations after such distribution.

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Independent auditor's report

To: the Managing Director and Shareholder of Avenir III B.V.

Report on the audit of the financial statements for the year ended 30 June 2021 included in the annual report

Our opinion

We have audited the financial statements for the year ended 30 June 2021 of Avenir III B.V. In our opinion, the accompanying financial statements give a true and fair view of the financial position of Avenir III B.V. as at 30 June 2021 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 30 June 2021;
2. the statement of income and expenses for the year ended; 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 the company in accordance with the "Dutch Independence Standard regarding assurance engagements (ViO)" and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Dutch Code of Ethics (VGBA)".

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

Our audit approach

Overview

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud.

The company is a securitisation entity. The company issued loan participation notes for the sole purpose of funding loans for commercial real estate situated in the United Kingdom.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at GBP 1,605,000. The materiality is based on 2% of total assets. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the management that misstatements in excess of GBP 80,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed with management of the company. We described the key audit matter and included a summary of the audit procedures we performed on this matter.

The key audit matter is addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on this matter.

Valuation of investments

We consider the valuation of commercial loans, as disclosed in note 1 to the financial statements, for a total amount of GBP 76,9 million as a key audit matter. This is due to the size of the loans receivable and given that a potential impairment may have a material effect on the financial statements. Management did identify impairment triggers regarding the commercial loans issued to the borrowers and recognised an impairment of GBP 9.3 million.

Loans receivable are initially recognized at fair value, including directly attributable transactions costs. After initial recognition, the loans receivable are carried at amortised cost using the effective interest method, less impairment losses.

We have performed detailed audit work addressing the existence and valuation of the commercial loans issued to borrowers situated in the United Kingdom by verifying these loans with loan agreements, obtaining year-end confirmations and reconciling recorded amounts with those confirmations. We have recalculated the effective interest applied and amortised cost at year-end and reconciled these to recorded amounts. We have also assessed whether there were any impairment triggers, including verifying subsequent cash flows, and performed detailed testing on recognised impairments.

Report on the other information included in the annual report

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

- the managing director's report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

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

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

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

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

Management is responsible for the preparation of the other information, including the managing director's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged as auditor of Avenir III B.V., as of the audit for the year ended 30 June 2019.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of management

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

As part of the preparation of the financial statements, management responsible for assessing the company's ability to continue as a going concern.

Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Our responsibilities for the audit of the financial statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide management 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 safeguards.

From the matters communicated with management, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. 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.

Amsterdam, 25 November 2022

Mazars N.V.

Original was signed by J.C. van Oldenbeek MSc RA