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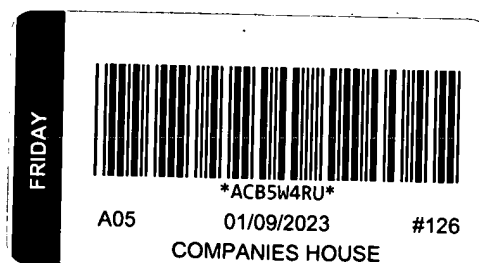
Registered number: 34243327

Business Office:
20 Bank Street
Canary Wharf
London, E14 4AD
United Kingdom

Statutory seat:
Amsterdam,
The Netherlands

MORGAN STANLEY ADRASTEIA NETHERLANDS B.V.

Financial Report and Accounts for the year ended 31 December 2021



MORGAN STANLEY ADRASTEIA NETHERLANDS B.V.

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MORGAN STANLEY ADRASTEA NETHERLANDS B.V.

Directors' report

Description and principal activity of the Company

The principal activity of Morgan Stanley Adrastea Netherlands B.V. (the "Company") is to enter into financing transactions and investments.

The Company's ultimate parent undertaking and controlling entity is Morgan Stanley, which, together with the Company and Morgan Stanley's other subsidiary undertakings, form the "Morgan Stanley Group". The Company's immediate parent undertaking is Morgan Stanley Sinope Cayman Limited.

There have not been any significant changes in the Company's principal activity in the year under review and no significant change in the Company's principal activity is expected.

The Company was incorporated under Dutch law on 24 February 2006 and has its statutory seat in Amsterdam, The Netherlands. The business office of the Company is at 20 Bank Street, Canary Wharf, London, E14 4AD, United Kingdom (the "UK") and its financial year end is 31 December.

Operating results

As noted above, the principal activity of the Company is to enter into financing transactions and investments. During 2021, the Group has been impacted by factors in the global environment in which it operates, each of which introduces risks and uncertainties that may adversely affect the results of operations of the Group. The continued prevalence of COVID-19 through 2021 created ongoing challenges for businesses, however the global economy which had contracted in 2020 began to recover.

COVID-19

Although the global economy has begun to recover from the COVID-19 pandemic, as many health and safety restrictions have been lifted and vaccine distribution continues to increase, certain adverse consequences of the pandemic continue to impact the global economy and may persist for some time. These include labour shortages and disruptions of global supply chains. The growth in economic activity and demand for goods and services, alongside labour shortages and supply chain complications, has also contributed to rising inflationary pressures.

The extent to which the consequences of the COVID-19 pandemic affects the Company's business, results of operations and financial condition, will depend on future developments that remain uncertain. This includes the rate of distribution and administration of vaccines globally, the severity and duration of any resurgence of COVID-19 variants, future actions taken by governmental authorities, central banks and other third party service providers. Moreover, the effects of the COVID-19 pandemic may heighten many of the other risks described in the Strategic Report.

Escalation of War in Ukraine

The Company has no direct exposure to Russia and Ukraine. There may be negative effects to the global economy due to the current disruption to the financial markets, global trade payment systems and capital flows as well as from the impact of sanctions. The extent to which the impact to the global economy affects the Company will depend on future developments that are highly uncertain and cannot be predicted. The Company will continue to closely monitor events and their potential impact.

Morgan Stanley and the Company continue to use their Risk Management framework, to manage the significant uncertainty in the present economic and market conditions.

MORGAN STANLEY ADRASTEIA NETHERLANDS B.V.

Directors' report (continued)

Overview of 2021 performance and key performance indicators

The balance sheet for the Company is set out on page 4. The Company's total assets at 31 December 2021 were €433.335.000 compared to €429.797.000 at 31 December 2020. The increase of €3.538.000 is primarily attributable to interest income generated in the year. Shareholders' equity has decreased by €7.340.000 during the year as a result of apportionment of dividends of €10.887.000 due to redeemable preference shareholders offset by transfer of the current year profit of €3.547.000 to the general reserve. The Company's total liabilities at 31 December 2021 were €49.961.000 compared to €39.083.000 at 31 December 2020. The increase of €10.878.000 is primarily due to increase in the dividend payable of €10.887.00.

The profit & loss for the Company is set out on page 5. The Company's profit for the year amounts to €3.547.000, compared to €4.304.000 in the prior year. The decrease in profit is primarily driven by decline in interest income by €757.000, which was as a result of decrease in the average interest rates on loans to other group undertakings. In addition, no income tax has been reported in the current year (2020: €nil).

Risk management

The Directors consider that the Company's key financial risks are credit risk, primarily its concentration of exposure to other Morgan Stanley Group undertakings and liquidity risk arising primarily through its exposure to other Morgan Stanley Group undertakings presented within receivables from group undertakings, payables to group undertakings and dividends payables. The Company leverages the Morgan Stanley Group's credit and liquidity risk frameworks to identify, measure, monitor and control credit risk and to ensure that the Company has access to adequate funding.

The Company also has some limited exposure to country, operational and legal, regulatory and compliance risks.

The Company leverages the risk management policies and procedures of the Morgan Stanley Group.

Going concern

Business risks associated with the uncertain market and economic conditions are being actively monitored and managed by the Morgan Stanley Group and Company. Retaining sufficient capital and liquidity to withstand these market pressures remains central to the Morgan Stanley Group and Company's strategy. The existing and potential effects of COVID-19 on the business of the Company have been considered as part of the going concern analysis, including impact on operational capacity, access to liquidity and capital, contractual obligations.

Although the Company has net liabilities payable within the next 12 months, the Company is performing in line with expectations and the net liabilities payable within the next 12 months are due to amounts owing to fellow Morgan Stanley Group undertakings, the demand for repayment of which is wholly within the control of the Morgan Stanley Group. In addition, the Company's ultimate parent undertaking and controlling entity, Morgan Stanley, has confirmed its intent to provide financial support to the Company to meet its obligations. Having assessed these factors, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors

The following Directors held office throughout the year and to the date of approval of this report.

S E Bayfield
S I Merry

MORGAN STANLEY ADRASTEIA NETHERLANDS B.V.

Directors' report (continued)

Events after the balance sheet date

Following Russia's invasion of Ukraine on 24 February 2022, the European and global financial markets have been and are expected to continue to be significantly impacted in 2022. However, the Company has no direct exposure to Russia and Ukraine. The Company will continue to closely monitor events and their potential impact.

Approved by the Board and signed on its behalf by:

London, 16 May 2022

Management:

DocuSigned by:

A86F087B265D447...
S E Bayfield
(Director)

DocuSigned by:

573CF73A7AAB435...
S I Merry
(Director)

MORGAN STANLEY ADRASTEIA NETHERLANDS B.V.

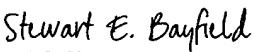
Registered number: 34243327

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Financial statements**Balance sheet as at 31 December 2021***(Including proposed appropriation of net results)*

	<u>Note</u>	31 December 2021	31 December 2020
		EUR.000	EUR.000
ASSETS			
Receivable from group undertakings	9	433.335	429.797
Total assets		433.335	429.797
LIABILITIES AND EQUITY			
Shareholders' equity			
Called up share capital	1	85	85
Share premium	2	403.235	403.235
General reserve	4	(19.946)	(12.606)
		383.374	390.714
Payable to group undertakings	9	-	9
Dividends payable	9	49.961	39.074
		49.961	39.083
Total liabilities and equity		433.335	429.797

See notes to the financial statements.

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MORGAN STANLEY ADRASTEIA NETHERLANDS B.V.**Profit and loss account for the year ended 31 December 2021**

	<u>Note</u>	2021	2020
		EUR.000	EUR.000
Interest income and similar income	5	3.547	4.304
Profit before tax		3.547	4.304
Corporate income tax	6	-	-
Profit after tax		3.547	4.304

See notes to the financial statements. All results were derived from continuing operations.

There were no recognised gains or losses during the current or prior year other than those disclosed above. Accordingly, no statement of other comprehensive income has been prepared.

MORGAN STANLEY ADRASTEIA NETHERLANDS B.V.

Notes to the financial statements for the year ended 31 December 2021

General

The financial statements are prepared under the historical cost convention and in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The Company is having its statutory seat in Amsterdam, The Netherlands, and is currently operating from 20 Bank Street, Canary Wharf, London, E14 4AD, UK. The Company is a private company with limited liability. The registered number of the Company is 34243327.

Activities

The principal activity of the Company is to enter into financing transactions and investments.

Reporting currency

Items included in the financial statements are measured and presented in Euros, the currency of the primary economic environment in which the Company operates.

Accounting principles

General

The financial statements are prepared in accordance with accounting principles generally accepted in The Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The financial statements are prepared under the historical cost convention. Assets and liabilities are stated at nominal value, which is equal to cost or amortised cost (less allowance for impairment on financial assets), unless otherwise stated. If deemed necessary, a provision is deducted from the nominal amount of accounts receivable.

The going concern assumption

The Company's business activities, together with the factors likely to affect its future development, performance and position, are reflected in the Operating results section of the Directors' report on page 2.

As set out in the Directors' report, retaining sufficient liquidity and capital to withstand market pressures remain central to the Morgan Stanley Group's and the Company's strategy.

Taking the above factors into consideration, the Directors believe it is reasonable to assume that the Company will have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Foreign exchange

Monetary assets and liabilities denominated in currencies other than Euros are translated into Euros at the rate prevailing at the balance sheet date. Transactions and non-monetary assets and liabilities denominated in currencies other than Euros are recorded at the rates prevailing at the dates of the transactions. All exchange differences are taken to the profit and loss account, except exchange differences arising on translation of called up share capital, which are taken to the translation reserve.

MORGAN STANLEY ADRASTEIA NETHERLANDS B.V.**Notes to the financial statements for the year ended 31 December 2021 (continued)****Revenues and expenses**

Revenues and expenses are recorded in the period to which they pertain. Revenues and expenses on financial instruments are accounted for on an accrual basis.

Income taxes

Tax on profits is computed by applying the current average standard UK taxation rate of 19% (2020: 19%), taking into account permanent differences between profit calculations for financial reporting purposes and those for tax purposes.

Notes to specific items of the balance sheet**1. Called up share capital**

	31 December 2021		31 December 2020	
	Number		Number	
Share capital				
Authorised				
Ordinary shares of €1 each		34.998		34.998
Class A Redeemable Preference shares of €1 each		65.000		65.000
Class B Redeemable Preference shares of €1 each		1		1
Class C Redeemable Preference shares of €1 each		1		1
		<u>100.000</u>		<u>100.000</u>
Allotted, called up and fully paid	Number	Number	EUR.000	EUR.000
Ordinary shares of €1 each	20.000	20.000	20	20
Class A Redeemable Preference shares of €1 each	65.000	65.000	65	65
Class B Redeemable Preference shares of €1 each	1	1	-	-
Class C Redeemable Preference shares of €1 each	1	1	-	-
	<u>85.002</u>	<u>85.002</u>	<u>85</u>	<u>85</u>

The Class A Redeemable Preference shareholders are entitled to a cumulative dividend of 4.1% per annum, on the consideration paid for the shares on issue. The Redeemable Preference shares can be redeemed with the prior approval of the holders of the Redeemable Preference shares and rank ahead of the ordinary shares in the event of liquidation. In accordance with the Articles of Association of the Company, each share confers the right to cast one vote.

MORGAN STANLEY ADRASTEIA NETHERLANDS B.V.**Notes to the financial statements for the year ended 31 December 2021 (continued)****Notes to specific items of the balance sheet (continued)****2. Share premium**

The balances are detailed as follows:

	31 December 2021	31 December 2020
	EUR.000	EUR.000
Ordinary share premium	141.400	141.400
Preference share premium	261.835	261.835
Total share premium	403.235	403.235

3. Dividend reserve account

The movements in the Redeemable Preference shares dividend account can be specified as follows:

	31 December 2021	31 December 2020
	EUR.000	EUR.000
Redeemable preference shares dividend account:		
Balance at start of year	-	-
Dividend distributions - allocated from the General reserve	10.887	10.917
Dividends due to Redeemable Preference shareholders	(10.887)	(10.917)
Balance at end of year	-	-

Dividends on the Redeemable Preference shares accrue at a dividend rate of 4.1% per annum (2020: 4.1% per annum) on the paid up value of the Redeemable Preference shares (being the nominal value and share premium value), as set out in the Company's Articles of Association.

During the current and prior year, no dividends were paid to the holders of Class A Redeemable Cumulative Preference shares. During the current and prior year, no dividends were declared on the ordinary shares.

4. General reserve

The movements are detailed as follows:

	31 December 2021	31 December 2020
	EUR.000	EUR.000
Balance at the start of the year	(12.606)	(5.993)
Profit for the year	3.547	4.304
Dividend distributions accrued (note 3)	(10.887)	(10.917)
Balance at end of year	(19.946)	(12.606)

MORGAN STANLEY ADRASTEIA NETHERLANDS B.V.**Notes to the financial statements for the year ended 31 December 2021 (continued)****Notes to specific items of the profit and loss account****5. Interest income and similar income**

	2021	2020
	EUR.000	EUR.000
Interest income from loans to Morgan Stanley Group undertakings	3.547	4.304

6. Corporate income tax

The Company is centrally managed and controlled in the UK and is therefore subject to UK taxation, the average standard tax rate for the year is 19% (2020: 19%),

	2021	2020
	EUR.000	EUR.000
Current tax expense		
UK corporation tax at 19% (2020: 19%)		
- Current year	-	-
Corporate income tax	-	-

The UK main rate of corporation tax is 19% for the period (2020: 19%). Finance Act 2021 raised the UK main rate of corporation tax from 19% to 25% with effect from 1 April 2023. While this change does not affect the current tax charge for the year, it will affect future years.

Factors affecting the tax charge for the year

The current year UK taxation charge is lower (2020: lower) than that resulting from applying the average standard UK corporation tax rate for the year of 19% (2020: 19%). The main differences are explained below:

	2021	2020
	EUR.000	EUR.000
Profit before tax	3.547	4.304
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	674	818
Effects of:		
Group relief received for nil consideration	(674)	(818)
Corporate income tax	-	-

MORGAN STANLEY ADRASTEIA NETHERLANDS B.V.

Notes to the financial statements for the year ended 31 December 2021 (continued)

Other notes and signing of the financial statements

7. Remuneration of management

The Company's Directors are employed by other Morgan Stanley Group entities. The Directors' services to the Company are considered to be incidental to their other responsibilities within the Morgan Stanley Group and as such, Directors' remuneration is €nil for the current year (2020: €nil).

8. Employees

The Company did not employ any employees (2020: nil).

9. Related parties

The related party that controls the Company at 31 December 2021 is Morgan Stanley Sinope Cayman Limited.

At 31 December 2021, a total of €433.335.000 was receivable from other Morgan Stanley Group undertakings (2020: €429.797.000). Interest has been accrued on these loans through the year at variable rates.

At 31 December 2021, a total of €nil was owed to other Morgan Stanley Group undertakings (2020: €9.000).

At 31 December 2021, dividends payable amounted to €49.961.000 (2020: €39.074.000).

During the year, the Company accrued preference dividend expense of €10.887.000 (2020: €10.917.000) on the Redeemable Preference shares owned by its parent Morgan Stanley Sinope Cayman Limited.

10. Expected maturity of assets and liabilities

Receivables and payables relate wholly to amounts due from and to Morgan Stanley Group undertakings respectively.

Receivables from group undertakings of €34.000 (2020: €nil) and payables to group undertakings of €nil (2020: €9.000) are expected to be settled no more than twelve months after the reporting period, with all other amounts expected to be settled more than twelve months after the reporting period end.

11. Events after the balance sheet date

Following Russia's invasion of Ukraine on 24 February 2022, the European and global financial markets have been and are expected to continue to be significantly impacted in 2022. However, the Company has no direct exposure to Russia and Ukraine. The Company will continue to closely monitor events and their potential impact.

12. Parent undertakings

The Company's ultimate parent undertaking and controlling entity and the largest and smallest group of which the Company is a member and for which group financial statements are prepared is Morgan Stanley which, together with the Company and Morgan Stanley's other subsidiary undertakings, form the Morgan Stanley Group. Morgan Stanley has its registered office c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States of America and is incorporated in the state of Delaware, the United States of America and copies of its financial statements can be obtained from www.morganstanley.com/investorrelations.

The Company's immediate parent undertaking is Morgan Stanley Sinope Cayman Limited, which has its registered office at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Copies of its financial statements can be obtained from the Registrar of Companies for England and Wales, Companies House, Crown Way, Cardiff CF14 3UZ, UK.

MORGAN STANLEY ADRASTEIA NETHERLANDS B.V.

Notes to the financial statements for the year ended 31 December 2021 (continued)

Other notes and signing of the financial statements (continued)

13. Appropriation of result

Appropriation of result for the financial year 2020

The annual report 2020 was determined in the General Meeting held on 9 July 2021. The General Meeting has determined the appropriation of result in accordance with the proposal being made to that end.

Appropriation of result for the financial year 2021

The balance sheet is presented after the proposed appropriation of net result for the year ended 31 December 2021. Management proposes to add the net result for the year to the General reserve. This proposal has been included in the financial statements.


Signing of the financial statements

London, 16 May 2022

Management:

DocuSigned by:

A86F087B265D447...
S E Bayfield
(Director)

DocuSigned by:

573CF73A7AAB435...
S I Merry
(Director)