Report to Noteholders H1 2020

15 September 2020

Vivion Investments S.à r.l.
155, Rue Cents
L-1319 Luxembourg

Report to Noteholders H1 2020

Contents

Opernplatz, Essen

1. INTRODUCTION

Vivion Investments S.à r.l. (the "**Company**" or "Vivion" and together with its consolidated subsidiaries the "Group") today is publishing its reviewed condensed consolidated interim financial statements as at 30 June 2020 (the "**Reviewed H1 2020 FS**") The Reviewed H1 2020 FS are available on the website of the Company at www.vivion.eu/investor-relations and attached to this report as Annex.

The following report has been prepared by the Company for (i) the noteholders of the EUR 700 million 3.000% Senior Notes due 2024 and EUR 300 million 3.500% Senior Notes due 2025 (the "Notes") pursuant to section 9.5 lit. (ab) of the terms and conditions of the Notes and (ii) the holders of the EUR 200 million 2.25% Convertible Bonds due 2025 (the "Convertible Bonds") pursuant to section 11.3 (b) of the terms and conditions of the Convertible Bonds. This report shall be read in conjunction with the Reviewed H1 2020 FS. Capitalised terms in this report, unless otherwise defined, shall have the meaning attributed to them in the Reviewed H1 2020 FS.

General Information

The Reviewed H1 2020 FS have been prepared in accordance with IFRS standards. The Company's fiscal year ends on 31 December of each year. References to any fiscal year refer to the year ended 31 December of the calendar year specified.

The comparative figures for the six months ended 30 June 2019 of the statement of comprehensive income included in the Reviewed H1 2020 FS have only limited informative value as certain of the transactions by virtue of which hotel operating activities were transferred outside of the Group occurred in the second half of 2019. Therefore, in this report, also comparative figures for the six month period 1 July 2019 to 31 December 2019 have been included to allow a comparison of periods in which the Company has mostly generated rental income. The comparative figures for the six month period 1 July 2019 to 31 December 2019 are not part of the Reviewed H1 2020 FS, have been derived from the Company's management system and are neither audited nor reviewed by external auditors.

Völklinger Straße, Düsseldorf

Non IFRS Measures

This report includes certain references to non IFRS measures that are not required by, or presented in accordance with, IFRS or any other accounting standards, and which are not audited. We use these non IFRS measures to evaluate our financial performance. We believe that these non IFRS measures assist in understanding our trading performance, as they give an indication of our ability to service our indebtedness.

Since the Company was established in 2018 as a private company, the Company has only made limited use of non IFRS measures in the past. This report contains non IFRS measures relating to the period covered by the Reviewed H1 2020 FS including GAV, EPRA NAV, Net Debt and Net LTV.

To give pro forma effect to certain transactions that occurred before, during or after 31 December 2019, this report also contains non IFRS measures for the financial year 2019 that were calculated on certain pro forma assumptions. The calculation of and assumptions for the pro forma figures is laid down in detail in the Vivion FY 2019 Report to Noteholders, available on the Company's website under vivion.eu/investor-relations.

Certain data contained relating to our properties, tenants and rent levels included in this report, including WAULT, Annualised In Place Rent and Property Occupancy Rate are derived from our operating systems or management estimates, are not part of our financial statements or financial accounting records. Unless otherwise indicated, all operating data relating to our property portfolio as presented in this report is as at 30 June 2020. The Pro Forma non IFRS measures for the financial year 2019 should not be considered to be indicative of the actual results and does not purport to be illustrative of our future results of operations or financial position. The Company's actual results may differ significantly from those reflected by the Pro Forma non IFRS measures for a number of reasons, including, but not limited to, differences in assumptions used to prepare the Pro Forma non IFRS measures.

Holiday Inn Regent's Park, London

Definitions of the respective non IFRS measures and other definitions are presented in section 7 in this report.

The non IFRS measures included in this report are not prepared in accordance with generally accepted accounting principles and should be viewed as supplemental to the Company's financial statements. You are cautioned not to place undue reliance on this information, and should note that these non IFRS measures, as we calculate them, may differ materially from similarly titled measures reported by other companies, including our competitors. Non IFRS measures are used by different companies for differing purposes and are often calculated in ways that reflect the particular circumstances of those companies. You should exercise caution in comparing our reported measures to such meas-

Opernplatz, Essen

ures, or to other similar measures, as reported by other companies.

The non IFRS measures, as used in this report, may not be calculated in the same manner as these or similar terms are calculated, pursuant to the terms and conditions governing the Notes and the Convertible Bonds.

Forward Looking Statements

This document may contain information, statistical data and predictions about our markets and our competitive position. We have not verified the accuracy of those statistical data or predictions contained in this document that were taken or derived from industry publications, public documents of our competitors or other external sources. We believe that the information presented in this document provides fair and adequate estimates of the size of our markets and fairly reflects our competitive position within these markets. However, our internal estimates have not been verified by an external expert, and we cannot guarantee that a third party using different methods to assemble, analyse or compute market data would obtain or generate the same results. In addition, our competitors may define our and their markets differently than we do.

The impact of the still ongoing COVID-19 pandemic (Corona) on the general economic conditions in the countries and on the markets in which the Group operates are impossible to predict and require an ongoing analysis of the development. The financial information contained in the Reviewed H1 2020 FS reflect our business, net assets, financial condition, cash flows and results of operations situation as at and for the six month period ended 30 June 2020 and therefore in particular reflect impacts of the strict lock-down periods in Germany and the UK, beginning in March 2020. However, economic impacts of the COVID-19 pandemic and the lockdown periods may not be fully visible as of today and further economically detrimental developments may occur within the current financial year.

Certain statements on this document are not historical facts and are or are deemed to be "forward-looking". In some cases, these for-

CP Manchester Airport, Manchester

ward-looking statements can be identified by the use of forward-looking terminology, including the words "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "plans", "continue", "on-going", "potential", "predict", "project", "target", "seek" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. This currently is the case with the ongoing COVID-19 pandemic. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements. Many factors may cause our results of operations, financial condition, liquidity and the development of the industry in which we operate to differ materially from those expressed or implied by the forward-looking statements contained in this document.

Forward-looking statements speak only as of the date they are made. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. New risks and uncertainties can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

The Company expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained in this document to reflect any changes in its expectations or any change in events, conditions, assumptions or circumstances on which any such statement is based unless so required by applicable law.

Disclaimer

The information contained in this document does not constitute an offer of or an invitation to subscribe for or purchase any securities nor should it or any part of it form the basis of, or be relied on in connection with, any contract or investment decision in relation thereto. The information on this document is provided for information purposes only. The information must not be passed on, copied, reproduced, in whole or in part, or otherwise disseminated, directly or indirectly, to any other person or distributed or transmitted directly or indirectly into, or used by any person or entity located in, any jurisdiction where its distribution or use would be unlawful.

This report does not contain all of the information that is material to an investor.

2. HIGHLIGHTS

Highlights – H1 2020

GAV as at 30 June 2020 EUR 3,964 million (EUR 3,739 million as at 31 December 2019)

- EUR 352 million increase in investment property, due to acquisition of 2 hotels in a prime location in London's West end in January 2020, increasing footprint in London to over 50% of the UK portfolio. Reorganization of hotels to dispose of operations in process
- 3.6% decrease in Fair value of UK portfolio, no material change for German portfolio

H1 2020 Revenues EUR 95.8 million, Adjusted EBITDA EUR 71.7 million, FFO EUR 36.3 million, increase in FFO in the period is due to acquisitions, operational improvements and disposing of its hotel operations

- The Company received a EUR 250 million shareholder injection in January 2020 and completed EUR 556 million capital raise (including Company's pro rata share) in subsidiary Golden Capital Partners in March 2020, resulting in aggregated capital influx for the Group of EUR 522 million
- Consolidated cash position of EUR 293 million as at 30 June 2020
- The Company has maintained conservative credit ratios: Net LTV at 39.5%, unencumbered assets ratio at 62.0%
- Outstanding unsecured bonds have sufficient headroom across all covenants. Average debt maturity over 4 years, no major debt expiring in 2020-2022
- Stable operational performance: overall WAULT of 12 years, Property Occupancy Rate of 94.3% and Annualised in-place rent EUR 187 million as at 30 June 2020
- Strong collection rates across portfolios: over 90% collection rate for H1 2020 rents


Potsdamer Straße , Berlin

Highlights – Events after the Reporting Period

The Company has placed a **EUR 200 million senior unsecured Pre-IPO convertible bond in August 2020**. The bond has a maturity of 5 years and a coupon of 2.25%. The bond is convertible at the option of the bondholder following an IPO of the Company

The Group has repaid GBP 59 million of secured mezzanine financing in the UK which carried an annual interest of 6.25% + 3M LIBOR. No make whole payment was due. The annualized saving on interest expenses amount to approx. GBP 4 million

A 12-month financial covenant waiver was agreed on the secured debt in place for several hotels in the UK portfolio

- The Group deposited GBP 28 million in July in exchange for the 12-month covenant waiver
- The closure of hotels during the lockdown in the UK has impacted metrics used for covenant testing purposes but has not impacted rental income of the Group, which continued to be paid

The Group entered into a EUR 565 million secured bank facility for part of the German portfolio with attractive terms. The loan proceeds will be used to further enhance our portfolio.

- The loan, once drawn, will bear an interest rate in the range of 1.86% and 2.61% plus 3M EURIBOR with final maturity on 30 December 2026
- Withdrawal of (parts of) the facility is subject to completion of certain conditions precedent
- Upon withdrawal of the first funds from the facility the Group will pledge properties with a fair value of EUR 851.5 million. Until then, the properties will remain unencumbered
- Taking this financing into consideration, the Company still has sufficient headroom under its covenants

Potsdamer Straße, Berlin

Karl-Liebknecht Straße, Berlin

Key Financials

In EUR millions unless stated otherwise	30 June 2020	31 December 2019
Total number of assets[1]	94	95
Investment property (including advance payment for pipeline acquisitions)	3,964	3,739
EPRA NAV	1,754	1,644
Net Debt	1,564	1,712
Net LTV	39.5%	45.8%

Operational Data[2]

Annualized in place rent:
EUR 187m

Property occupancy:
94.3%

Number of Assets:
94

WAULT:
12.0 yrs

Non IFRS Measures

In EUR thousands unless stated otherwise	For the period 1 January 2020 to 30 June 2020	For the period 1 July 2019 to 31 December 2019[3]
Revenues	95,801	106,528
Adjusted EBITDA	71,694	73,953
FFO	36,331	33,496


Völklinger Straße, Düsseldorf


St. Martins Lane, London

[1] excluding assets held for sale
[2] excluding assets held for sale and one asset held in other EU jurisdiction, includes future leases and signed LOIs.
[3] The comparative figures for the six month period 1 July 2019 to 31 December 2019 are not part of the Reviewed H1 2020 FS, have been derived from the Company's management system and are neither audited nor reviewed by external auditors.

3. THE COMPANY

Vivion is a commercial real estate company, focusing on the ownership, management and improvement of properties in the United Kingdom and Germany. Vivion's portfolio comprises a well-diversified predominantly 3-4 star hotel portfolio in the United Kingdom let to experienced and internationally known hotel operators and a quality office real estate portfolio in Germany which benefits from the strong expertise, reputation and network of its affiliated asset management platform. Vivion's UK Portfolio consists of predominantly mid-market branded hotels located mainly in the UK's largest cities, while its German Portfolio consists of predominantly office properties located in top German cities with significant commercial activity, let to a variety of high creditworthy tenants including government entities and "blue chip" companies.

Business has remained resilient during the COVID-19 period

The Group's portfolio has not seen any material deviation in top line performance across both the UK and German portfolio, as the period and experienced strong collection rates across the German and UK portfolio. The Group is continuously monitoring the portfolio for all developments regarding COVID-19 and is following all guidance. The Group has also implemented a programme to actively reduce operating expenses, postpone nonessential capital expenditure where realistically possible and make use of any relevant facilities or arrangements provided by the various national authorities to assist companies through the crisis. The Group's prudent and conservative financing structure together with a sufficient liquidity cushion and strong shareholder support makes the Group resilient and provide striking power to support further growth.

As at 30 June 2020, the Company's portfolio had a fair value of EUR 3,964 million (EUR 3,739 million as at 31 December 2019). In January 2020, the Company completed the acquisition of 2 hotel assets in a prime location in London's West end, increasing the London portfolio to 50% of the total UK portfolio.

As at 30 June 2020, the Company held investment property with a fair value of EUR 315.4 million in its portfolio as 'held for sale', as these properties no longer meet the Company's investment criteria or have already realised their material potential. The Company intends to use the funds from the disposals of these properties to support its growth strategy with more focus on Germany and to further enhance its balance sheet and liquidity position. (for more information on held for sale assets as at 30 June 2020 see note 6 to the Reviewed H1 2020 FS, Annex I).

Potsdamer Straße, Berlin

Revenues for the six month period ended 30 June 2020 amounted to EUR 96 million (H2 19 EUR 107 million), out of which EUR 82 million (H2 19 EUR 67 million) attributable to rental revenue and EUR 14 million (H2 19 EUR 40 million) attributable to Hotel income and service charge income. The revenue streams mix has changed due to the disposal of the hotel operations in 2019 and the disposal of 1 hotel as at 31 December 2019.

Revenues in H1 2020 include EUR 6 million of hotel income from the 2 hotels acquired in January 2020. The Company is in the process of disposing the hotel operations.

P&L Revenues

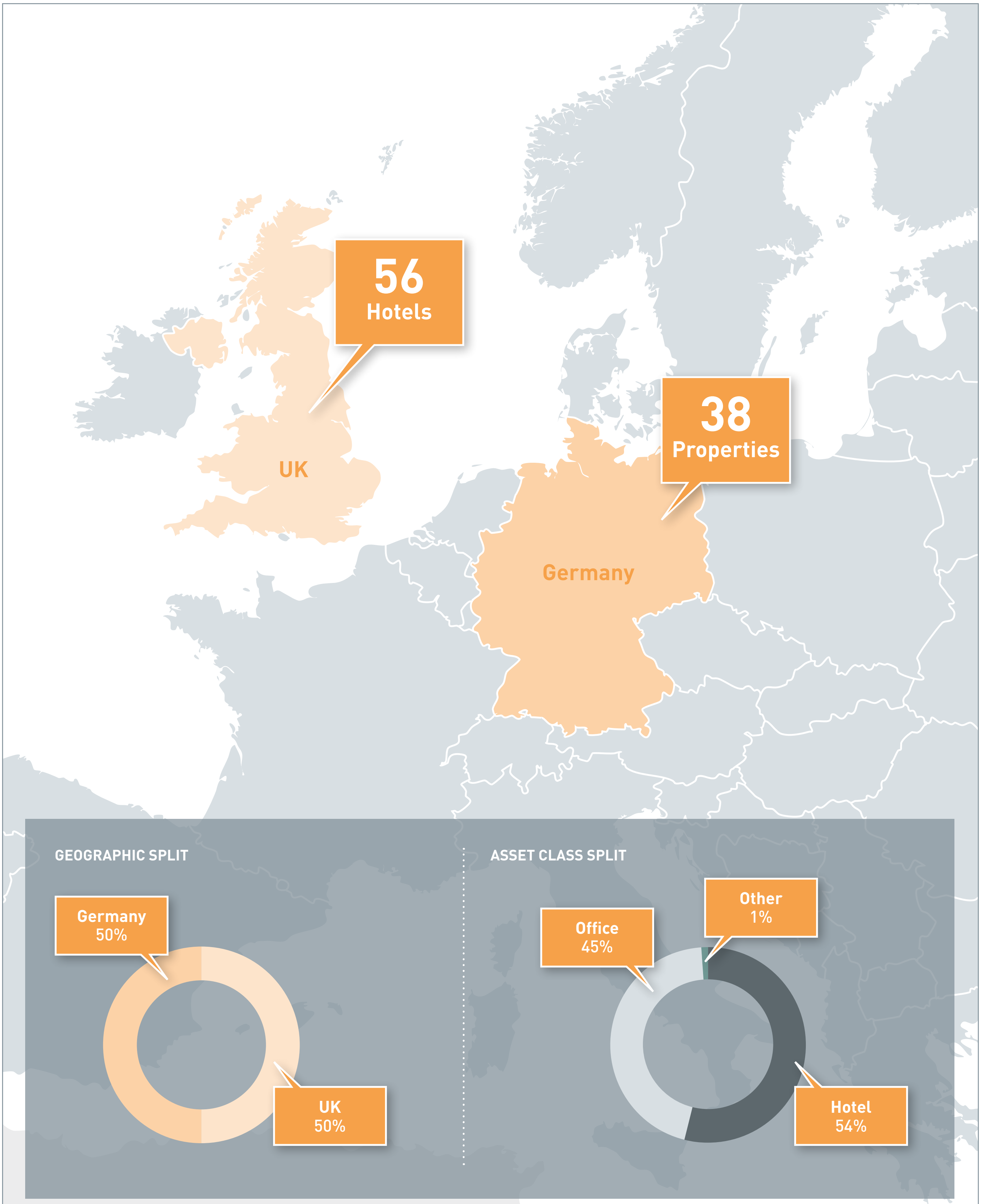
EUR millions	Six month period ended 30 June 2020	Six month period ended 30 June 2019[1]	12 month period ended 31 December 2019
Hotel income	6	35	169
Rental income	82	67	99
Service charge income	8	5	10
Total revenues	**96**	**107**	**277**

On a like-for-like basis, rental income for H1 2020 increased by 22% compared to H2 2019, resulting from acquisitions completed end 2019 in Germany as well as full effect of the UK hotels generating rental income for 6 month period, whereas H2 2019 shows partial rental income for these hotels as the completion of the hotel operations disposal was completed in August 2019.

The Welcombe, Stratford upon Avon

[1] The comparative figures for the six month period 1 July 2019 to 31 December 2019 are not part of the Reviewed H1 2020 FS, have been derived from the Company's management system and are neither audited nor reviewed by external auditors

Portfolio at a Glance



Excluding assets held for sale and one asset held in another EU jurisdiction.
Based on fair market value as at 30 June 2020.

The length of the Company's rental lease agreements as well as the tenant profile and diversity reflect the stability of the Company's rental income stream and provides high predictability of the Company's future cash flows. As at 30 June 2020, the WAULT for the Company's portfolio was 12.0 years, which is considered above industry standard. Moreover, the vast majority of the leases are indexed to inflation, offering a protection against future risk of loss of purchasing power. The Company's UK Portfolio benefits from long term leases with strong tenants, which is further supported by corporate in-place rent guarantees totaling a weighted average of approximately 40 months of rent across the full lease period, as at 30 June 2020. The Property Occupancy Rate as at 30 June 2020 was 94.3%.

As at 30 June 2020	Total	UK	Germany
Fair Value (in millions)	**3,840.7**	1,929.3	1,911.4
% of Aggregate Portfolio value	**100**	50.2	49.8
Annualised In-place rent	**186.7**	114.3	72.5
WAULT (in years)	**12.0**	15.2	6.8
Property Occupancy Rate in %	**94.3**	100	89
Number of properties	**94**	56	38

Excluding assets held for sale and one property held in another EU jurisdiction.

Crowne Plaza Birmingham NEC

Gustav-Heinemann-Ring, Ismaning (Munich)

3.1. German portfolio

GAV:	Annualised in-place Rent:	Number of assets:	Property Occupancy Rate:	WAULT:
EUR 1.9bn	EUR 73m	38	89%	6.8 yrs

As at 30 June 2020, excluding assets held for sale and one asset held in other EU jurisdiction.

As of 30 June 2020, the German Portfolio consists of 38 properties (excluding assets held for sale), concentrated in or around Tier 1 cities, with 59% and 30% of the office properties located in the Berlin and Rhein-Ruhr metropolitan areas, respectively (percentage according to fair value). Over 90% of the assets are in the office category.

The German portfolio performance has remained resilient in the COVID-19 period and experienced strong collection rates of over 90% in H1 2020. Of the invoiced rent not collected in Q2 across the German portfolio, 9% was deferred and is expected to be collected in the next 6 months and only 0.7% was lost due to insolvencies. Further aid was provided to tenants by way of acceleration of existing incentives and rent free periods in exchange for lease extension.

The Property Occupancy Rate as at 30 June 2020 is 89%, with a certain portion due to strategic vacant areas in some of the (newly acquired) properties. Supported by the Company's local management teams that continue to closely manage the letting activities at the individual property level, the Company aims to improve the Group's Property Occupancy Rate overall. The Company continued to enter into mainly double net and inflation indexed, long-term lease agreements with new and existing tenants with high creditworthiness during the reporting period.

Assets which have realised their value potential or no longer meet the Company's investment criteria are held for sale, resulting in a slight reduction in the number of assets between Dec-19 and Jun-20.

Fritz-Vomfelde Straße, Dusseldorf

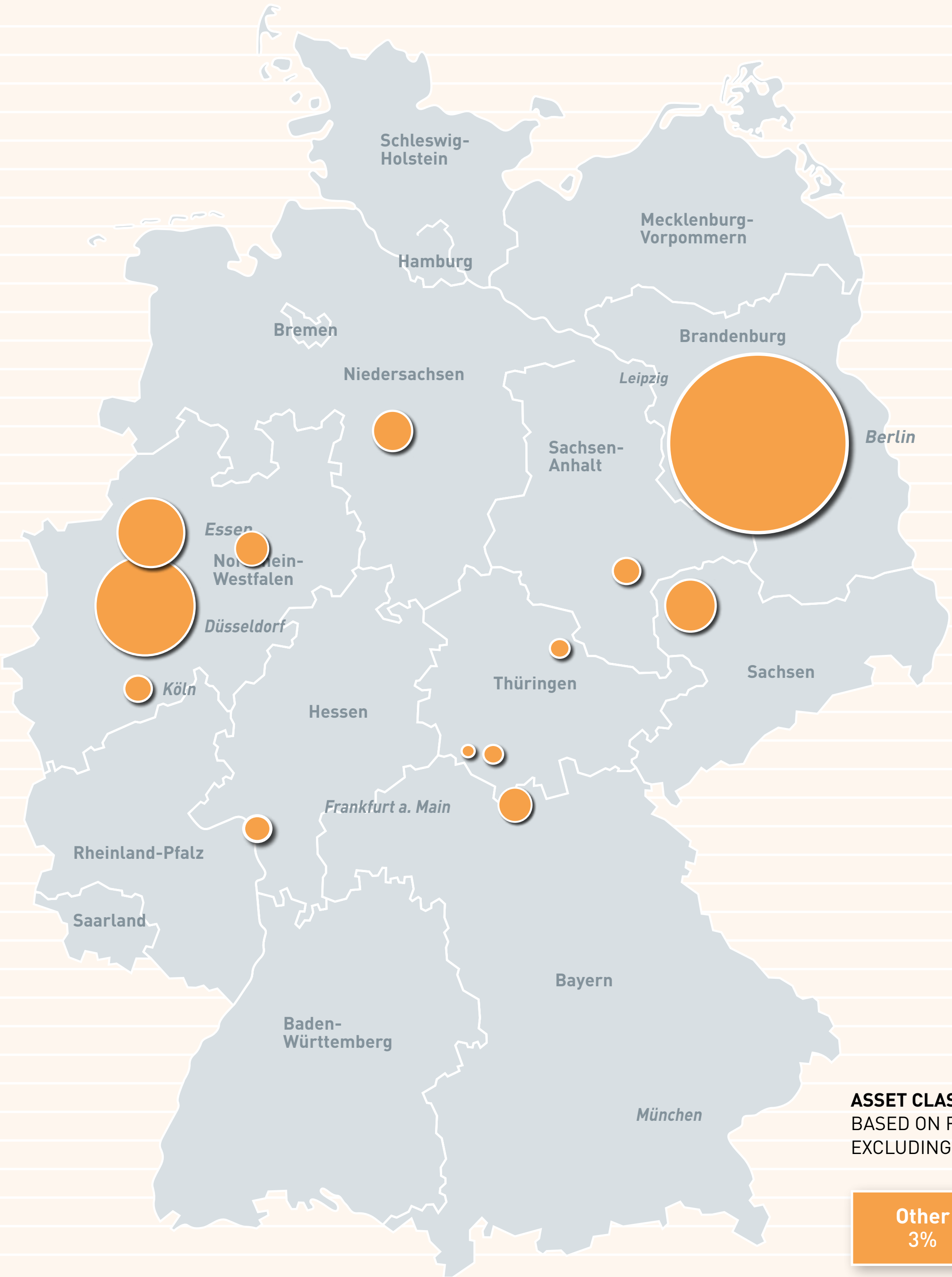
Postdamer Straße, Berlin

BERLIN ACQUISITION:
KU'DAMM, BERLIN

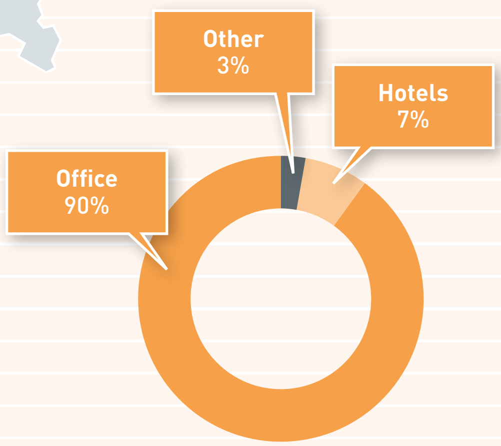
In December 2019, the Company completed the acquisition of a first class asset complex in the center of Berlin, adjacent to Kurfürstendamm, Berlin's prime retail street. The assets consist of 3 standing buildings that include a mix of mainly office space, retail and leisure areas with a total of 62,503 sqm area and 538 parking spaces. The first of 3 buildings is in use as of Q3 2020 and is fully pre-let. The other two buildings are under modernization. KPIs do not take into account full potential of recent Berlin acquisition which is expected to drive further growth across all metrics.

Additional building rights for the development of ca.44,000 sqm of mixed usage have also been acquired as part of this Acquisition, that the Company currently holds as held for sale.

GEOGRAPHIC FOOTPRINT OF GERMAN PORTFOLIO



ASSET CLASS BREAKDOWN
BASED ON FAIR MARKET VALUE,
EXCLUDING ASSETS HELD FOR SALE



Office class properties

Office properties represent ca. 90% of the Group's German portfolio, where the majority of tenants were not directly impacted by the lockdown in Germany which ran from Mid-March to Mid-June 2020

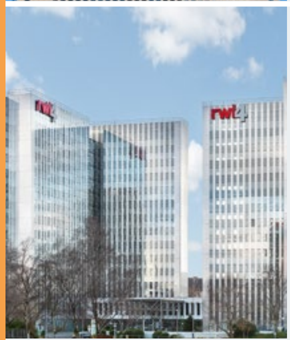
The German office portfolio benefits from a highly diversified tenant base with more than 150 tenants comprising a healthy mix of government entities and commercial tenants including "blue chip" companies. Tenants in the office class assets include government and public sector entities such as Bau- und Liegenschaftsbetrieb NRW ('BLB NRW'), an agency of the German Federal state of North Rhine-Westphalia and Landesamt für Geoinformation und Landesvermessung Niedersachsen ('LGLN'), a state surveyor office, as well as blue-chip companies like Innogy, Caterpillar, MyToys (Otto Group) and Volvo.

The German office market remains resilient throughout the COVID-19 period and activity is rising again. Despite a weaker demand driven by a slowdown in site visits, the current situation on the supply side is currently keeping rental prices at pre-coronavirus levels for the prime locations in the top-7 cities of Germany. With an average office prime yield of 2.91% for the seven strongholds in Q2, the prime yield level is even slightly lower compared to Q1, and 15 basis points lower in a 12-month comparison. German real estate proved to be remarkably resilient in the second quarter of 2020.

TOP 5 ASSETS, OFFICE CLASS

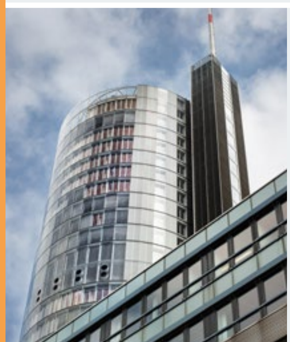
Kurfürstendamm

Location: Berlin
NLA: 62.5k sqm



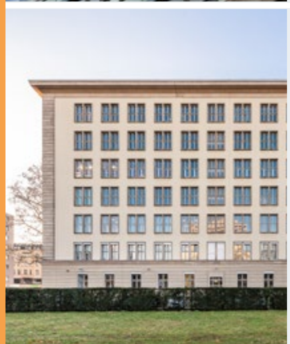
Völklinger Straße

Location: Düsseldorf
NLA: 47.1k sqm



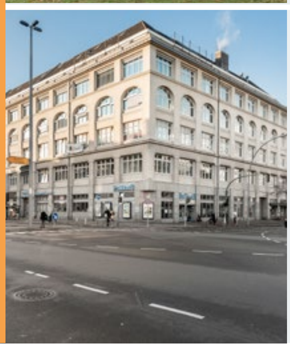
Opernplatz

Location: Essen
NLA: 56.3k sqm



Potsdamer Straße

Location: Berlin
NLA: 22.4k sqm



Potsdamer Straße

Location: Berlin
NLA: 18.4k sqm

3.2. UK portfolio

GAV:	Annualised in-place Rent:	Property Occupancy:	WAULT:	Number of hotels:	Rooms:
EUR 1.9bn	EUR 114m	100%	15.2 yrs	56	8,874

As at 30 June 2020, proforma the london hotel reorganization.

The UK Portfolio consists of 56 hotel properties strategically located throughout the UK. The properties are all well positioned in their local catchment area. Over 50% over the portfolio is located in the Greater London area. The hotels are predominantly positioned as mid-market hotels operating under international brands such as Hilton, Holiday Inn, Best Western and Crowne Plaza. The hotels enjoy a balanced mix of leisure and business from both the UK and abroad.

In the second half of 2019, the Company completed the corporate reorganisation to separate the ownership of 46 hotel properties in the United Kingdom from their operations which were inherited at acquisition. Following the completion of the disposal of the hotel operations outside the Group, the Company is no longer directly exposed to the cyclicality of the hotel operations and now benefits from long term fixed and RPI indexed lease agreements with a WAULT of 15.2 years as at 30 June 2020.

All hotels are under separate leases (with the exception of two hotels acquired in Jan 2020) The largest tenant Hilton is covering approx. 24% of the hotel portfolio, based on FMV. The rental income generated from these leases is guaranteed by its parent company and is covered for the entire lease length. For the rest of the portfolio, substantially all hotel operators have provided rent guarantees. In total, the combined rental guarantees cover an average of 40 months of rent (as at 30 June '20) and run through the entire lease duration.

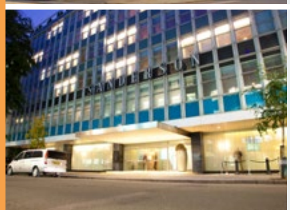
TOP 5 ASSETS, HOTEL

St. Martins Lane

Location: Central London
Keys: 204

HI Regent's Park

Location: Central London
Keys: 339



Sanderson Hotel

Location: Fitzrovia Central London
Keys: 150

HI Heathrow M4 Jct4

Location: London
Keys: 615

CP Manchester Airport

Location: Manchester
Keys: 229

2020 HOTEL ACQUISITION: SANDERSON & ST. MARTINS LANE HOTEL, LONDON

The Company completed the acquisition of the prominent 4 plus star Sanderson and St. Martins Lane hotel in January 2020, adding 354 rooms located in the heart of London's west end to Vivion's hotel portfolio. Whilst both the asset and operations were acquired, the Company is in the process of disposing the hotel operations for these two hotels and will retain the assets with a long-term, inflation linked lease in place with an external operator, similar to the 2019 hotel reorganisation. The Company expects to complete the disposal by the end of Q4 2020.

UK Portfolio: H1 portfolio performance

- 100% collection rate for Q1, Q2 and Q3 2020 rents
- None of the in place rental guarantees were invoked
- Several hotels were sub-leased as a sole use facility to the UK govermental authorities

The Group reports a 100% collection rate for its UK portfolio and reports that none of the provided rent guarantees have been invoked. None of the UK tenants have requested a rent-free period or rent reduction meaning rental income remains unaffected. To aid one tenant, the Group agreed to defer approximately 6% of Q4 2020 rents, to be paid in monthly installments in 2021.

During the UK lockdown that started in March 2020 till the 4th of July, several of the hotels in the UK portfolio remained open to accommodate key workers and other covid-related guests, through sub-leases signed with the UK governmental authorities.

Currently, 67% of the hotels are open and it is expected that most of the remainder of the hotels will reopen in the coming months, as the hotel operators continue to assess their opening strategy. The decision to reopen the hotels is at the discretion of the respective operators, however it is expected that that further hotels open in the coming months once occupancy increases to a level which will allow for profitable operations for the Group's tenants. The hotels which are currently open have implemented a variety of comprehensive health and safety measures in order to comply with UK government regulation. Such measures include, amongst others, implementing social distancing signage, health screening and illness response and enhanced cleaning procedures. The hotel operators continue to reduce operational expenses including by utilizing the COVID-19 Job Retention scheme. Furthermore, the operators will benefit from the VAT reduction from 20% to 5% for the hospitality and amusement sector and the cut of business rates for 2020 and 2021.

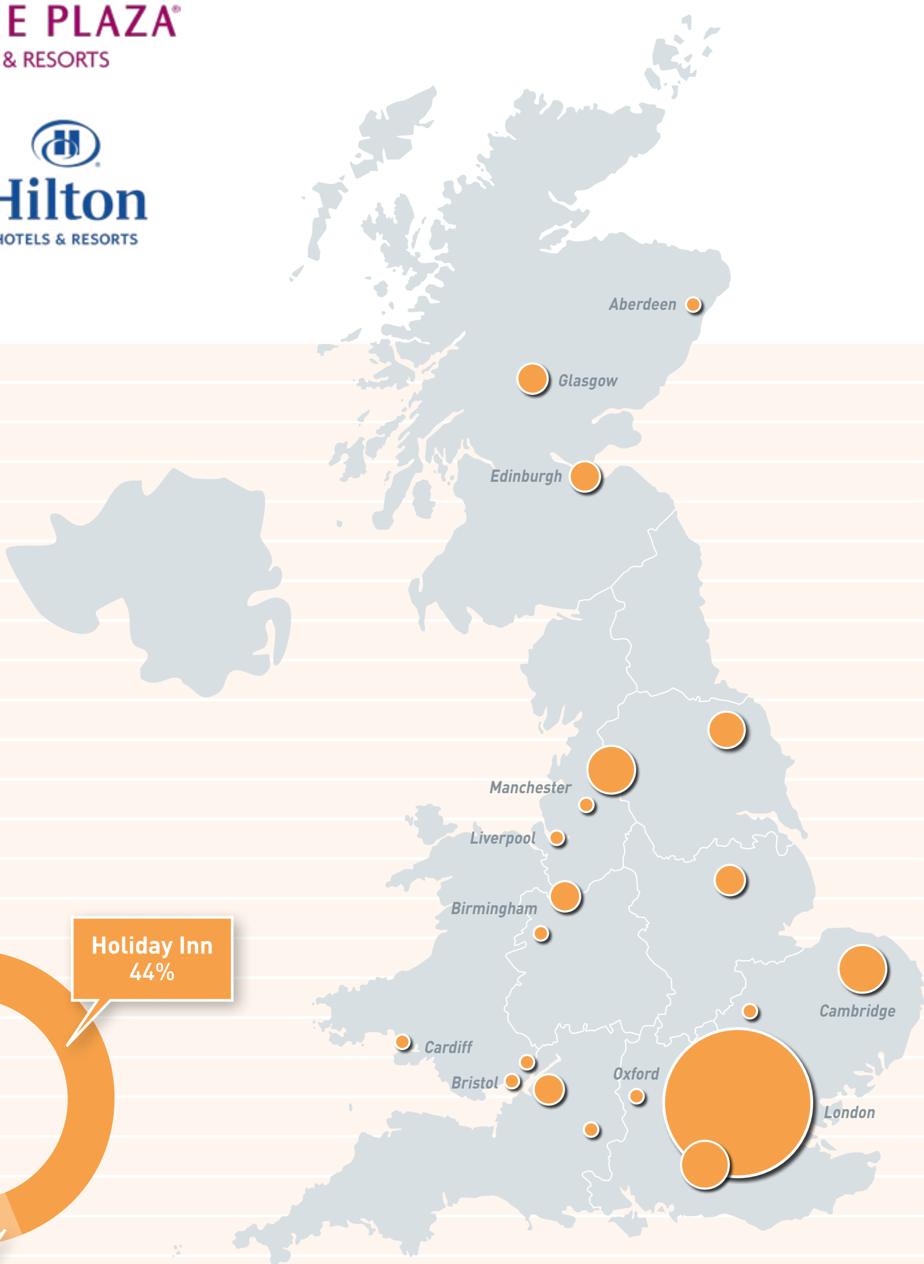
REBRANDING: BEST WESTERN

In 2020, 26 hotels that carried the Hallmark brand entered into associate service agreements with Best Western Great Britain, a Best Western Hotels & Resorts company ('BWHR'). The rebranding did not impact the long-term lease agreements in place at these hotels. The Company believes that the rebranding will support the operators as they further improve hotel performance benefitting from BWHR's brand, distribution network and savings on commissions.

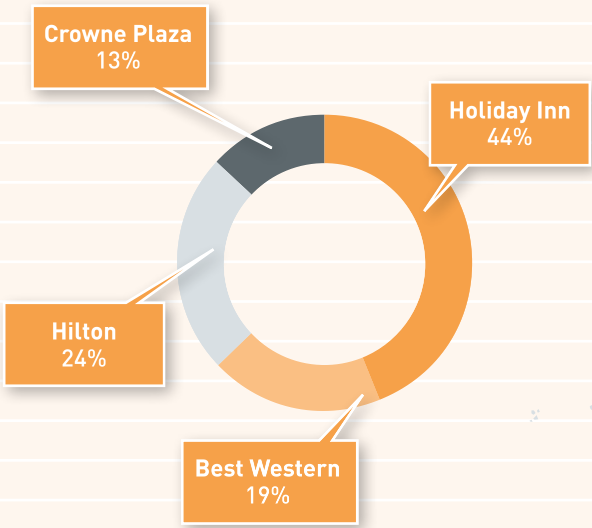
Since the lockdown restrictions have been lifted, domestic leisure demand is leading the recovery of the UK regional hotel market. "Bounce-back ability" will be key for recovery, especially in hotels. It is expected that the strong geographic location of the Group's UK hotel portfolio together with its end user diversification as well as the more resilient 3 / 4-star brands positions the hotels to recover well in comparison with its peer set.

Sanderson Hotel, London

GEOGRAPHIC FOOTPRINT OF UK PORTFOLIO



BRAND DIVERSIFICATION, BASED ON FAIR MARKET VALUE



Does not include Sanderson & St Martins Lane hotel, excludes IFRS16 adjustments.

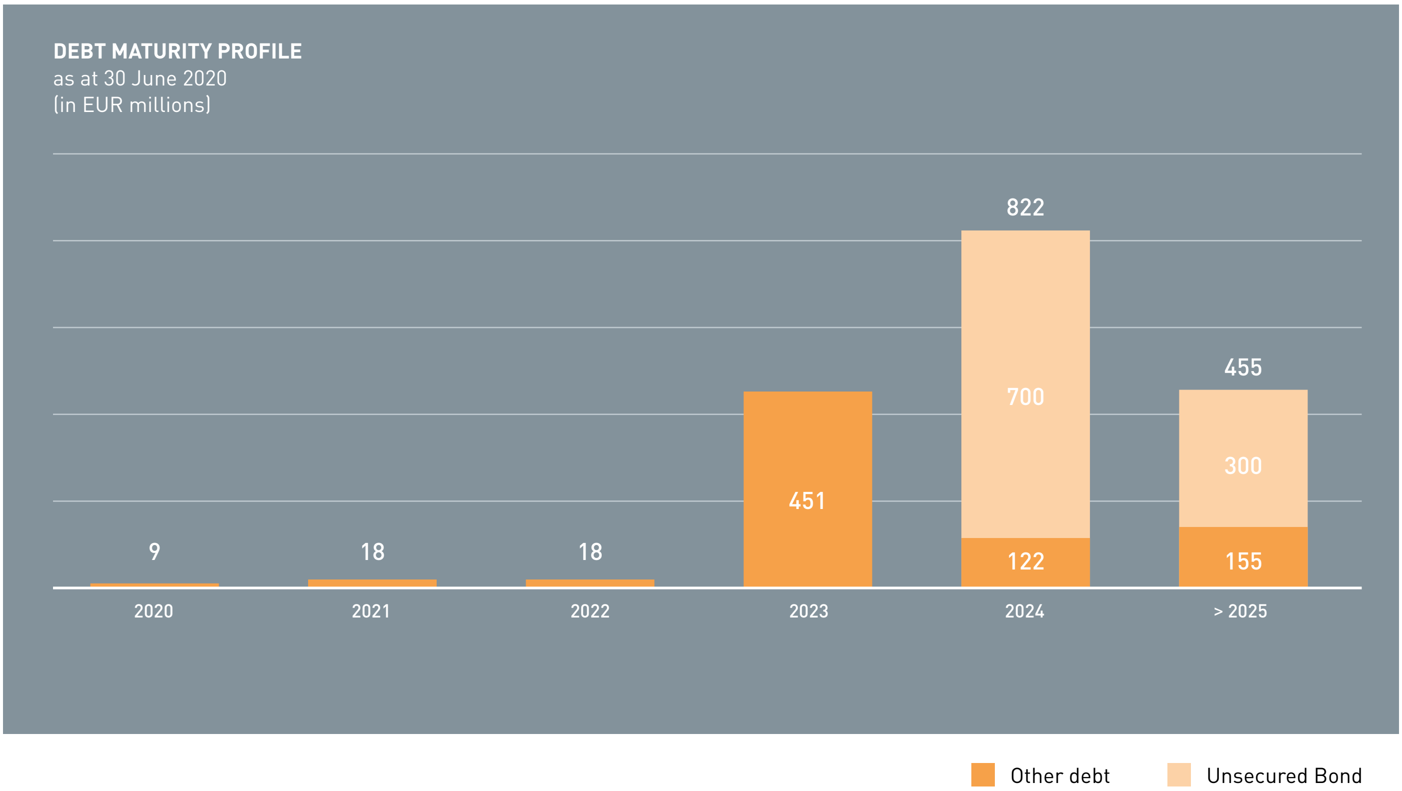
4. CAPITAL STRUCTURE

In EUR millions unless stated otherwise	30 June 2020	31 December 2019
EPRA NAV	1,754	1,644
Net Debt	1,564	1,712
Net LTV	39.5%	45.8%

- Conservative capital structure with low LTV ratios.
- GBP 59 million mezzanine secured debt repayment post H1 2020.
- EUR 200 million convertible bond issued in august 2020

The Company's prudent capital structure is reflected in a low LTV of 39.5% as at 30 June 2020. The Company's management views the conservative debt metrics as vital to secure long-term financial strength. The Company's capital structure was further enhanced in 2020 as it received a EUR 250 million shareholder injection in January 2020 and through the completion of EUR 556 million capital raise (including Company's pro rata share) in subsidiary Golden Capital Partners in March 2020, resulting in aggregated capital influx for the Group of EUR 522 million.

The low LTV level allows the Group to drive further growth, while maintaining a conservative capital structure. Furthermore, the company has no material debt expiring in the foreseeable future (2020 – 2022). Ca 87% of the total debt is not exposed to variable interest.

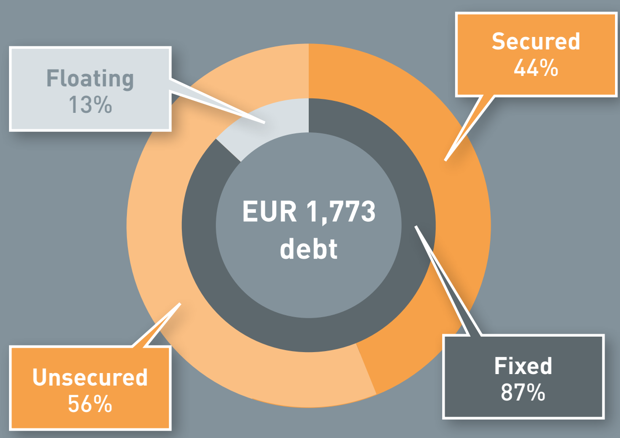


As at 30 June 2020, the Company has EUR 1 billion senior unsecured notes outstanding. The EUR 700 million senior unsecured notes due July 2024, priced at a coupon of 3.000% and EUR 300 million senior unsecured notes due November 2025 priced at a coupon of 3.500%.

Both outstanding notes have been admitted to the Official List of Euronext Dublin and trade on the Global Exchange Market of Euronext Dublin. S&P assigned the Company a "BB" corporate rating with a stable outlook and a rating of "BB+" to the notes.

The Company's activity in the unsecured bond markets in 2019 has greatly enhanced the unsecured portion of the debt funding mix. As at 30 June 2020, the Company has a total outstanding secured debt amount of EUR 773 million, with various banks that have an average remaining term of over 4 years. In the first half of 2020, the Group obtained secured bank financing in the amount of EUR 53.6 million. For more information on loans and borrowing and bonds as at 30 June 2020 see note 7 to the Reviewed H1 2020 FS.

DEBT PROFILE
x 1 mln, as at 30 June 2020

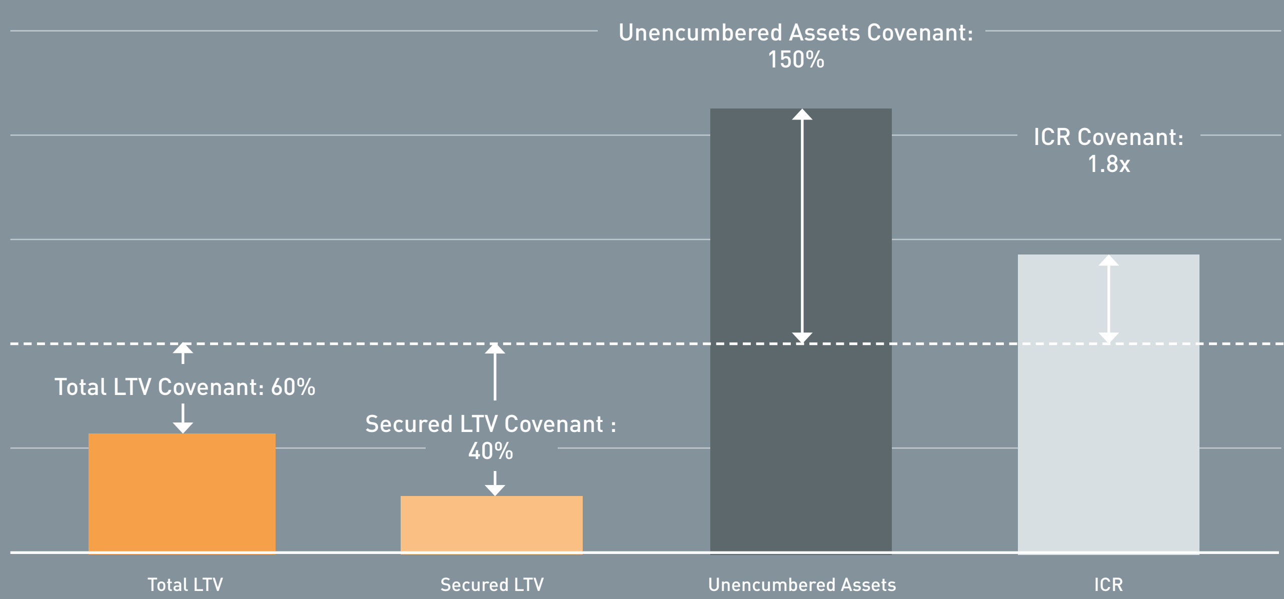


Excludes long term lease liabilities and accrued interest.

Notes covenants

Each of the Notes covenants are met with significant headroom as at 30 June 2020. The Company has strict internal policies, with thresholds set at more stringent levels to those stipulated by the covenants. The covenants for the Notes are set out below (as defined in the terms & conditions of the Notes):

NOTES COVENANT HEADROOM CHART
as at 30 June 2020



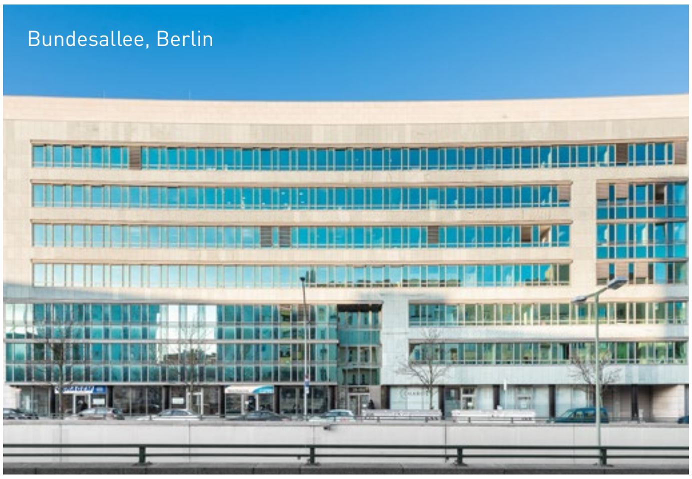
Post the Reporting date, the Company has completed several capital transactions (see note 12 to the Reviewed H1 2020 FS):

In August 2020, the Company completed the private placement of EUR 200 million senior unsecured bonds convertible into shares of the Company. The Convertible Bonds have a maturity of five years, a coupon of 2.25%, and are convertible at the option of an investor following an initial public offering. The Convertible Bonds were placed by the Company to a global institutional investor. The net proceeds of the offering will be used to drive future growth and to continue to acquire real estate assets. The Company is pleased with the completion of this first capital markets transaction for 2020, amidst COVID-19 developments.

In July 2020, the group repaid a GBP 59 million secured mezzanine loan facility on part of its UK portfolio. This loan carried an annual interest rate of 6.25% + 3M LIBOR. No make whole payment was due. The annualized savings on interest expenses amount to approx. GBP 4 million. With this repayment, the Company has reduced its overall cost of debt.

On 10 July 2020, the group obtained a covenant waiver for certain facilities in the UK, the waiver being subject to certain conditions imposed to protect the Issuer's position. The waiver was granted in connection with COVID-19 and the resultant temporary closure of certain of the hotels, with a view to allowing the Company to manage its liquidity and its business without breaching any obligations under the loan agreement. The covenant waiver is for a period up to but excluding the interest payment date falling on 13 July 2021. As part of the conditions mentioned above, the Group deposited GBP 28 million into a bank account controlled by the lender, which will be released to the Group following two consecutive quarters of financial covenant compliance after the end of the covenant waiver period. As the waiver was obtained after the reporting date, the Group classified GBP 134.4 million to short term loans. The closure of hotels during the lockdown in the UK has impacted metrics used for covenant testing purposes but has not impacted rental income due to Vivion, which continued to be paid.

A subsidiary of the Group entered into a EUR 565 million secured bank financing. As at the date of this report, no drawing was made and no properties have been pledged.



Liquidity

The Group has a consolidated cash position of EUR 293 million as at 30 June 2020. In addition, the high number of unencumbered assets (EUR 2,711 million as at 30 June 2020) in the Group's portfolio allows for further liquidity sources should these be required.

The Group has implemented a programme to actively reduce operating expenses and postpone non-essential capital expenditure where realistically possible. For the UK portfolio, the Group expects to have a commited capex spenditures of GBP 25 to 35 million in the course of the next 12 to 18 months for its UK portfolio. As the hotels reopen, the capex roll out is expected to resume, as the plans are being reevaluated currently. In Germany, the committed capital expenditures are estimated at EUR 50 million for the next 12 to 18 months.

5. OUTLOOK / STRATEGY

The Company intends to continue with its strategy and growth path while keeping its stable cashflow forecast and its robust and prudent financial structure. Therefore, given the current market situation, the Company intends to approach the markets more conservatively.

The Company maintains an active pipeline and monitors the markets closely. The Company's conservative financial structure together with the available liquidity gives the Company the ability to act should interesting market opportunities arise.


Holiday Inn Regent's Park, London


Völklinger Straße, Düsseldorf

6. OPERATING AND FINANCIAL REVIEW

Profit & Loss

In EUR thousands unless stated otherwise	1 January 2020 to 30 June 2020	1 July 2019 to 31 December 2019[1]	1 January 2019 to 30 June 2019	1 January 2019 to 31 December 2019
Hotel income	6,453	35,348	133,438	168,786
Rental income	81,645	66,688	32,071	98,759
Service charge income	7,703	4,492	5,333	9,825
Total revenues	**95,801**	**106,528**	**170,842**	**277,370**
Total operating expenses	(13,819)	(19,583)	(78,724)	(98,307)
Administrative expenses	(19,778)	(12,804)	(23,688)	(36,492)
Net gains (losses) on investment property	(51,436)	445,321	153,780	599,101
Interest expenses on third parties	(28,463)	(28,487)	(22,334)	(50,821)

[1] The comparative figures for the six month period 1 July 2019 to 31 December 2019 are not part of the Reviewed H1 2020 FS, have been derived from the Company's management system and are neither audited nor reviewed by external auditors.

There is a limitation in comparability of H1 2020 and H1 2019 operating figures, as operational results in the UK were fully derived from hotel income in the comparative period, whereas these are largely derived from rental income in 2020. For an optimal comparison the below section uses H2 2019 figures to describe it results.

Revenues

In H1 2020 the Company generated total revenues of EUR 95.8 million.

Following the acquisition of two London hotels, the Group still generated hotel income of EUR 6.5 million. These earnings were impacted by the effects of COVID-19 as the two hotels were closed for a large part of the reporting period. Going forward, earnings will solely derive from letting activities on the entire portfolio[3].

In the period from 1 July 2019 to 31 December 2019, the Company generated total revenues of EUR 106.5 million, largely as a result of rental income (63%). As the hotel propco reorganisation was completed during Q3 2019, the Group still generated revenues through hotel operations, amounting to 33% of total revenue in H2 2019.

Although overall revenue decreased from H2 2019 to H1 2020 by 10%, this largely resulted from the effect of the hotel opco propco reorganization and the sale of one hotel per 31 December 2019. The Company realized a 15% rental income increase in comparison to the previous year which was primarily attributable to acquisitions completed end 2019 in Germany contributing rental revenues for the full period as well as a full period rental income in the UK in H1 2020 whereas in H2 2019 the opco propco reorganization had not yet fully materialized as it was completed mid Q3 2019.

Total Operating Expenses

Total operating expenses for H1 2020 amounted to EUR 13.8 million. Hereof, EUR 4.7 million pertain to the UK and primarily originate from cost of hotel operations (EUR 3.6 million). The remaining EUR 9.2 million were incurred in Germany. Since these expenses are directly correlated to the Group's scale, an increase was primarily attributable to two large acquisitions that were completed in December 2019 in Germany as well as the two London hotels that were acquired in January 2020. Operating expenses include personnel and inventory expenses related to the 2 hotels operations, insurance, real estate taxes, and maintenance as well as ancillary expenses which are mostly recoverable from our tenants. The total operating expenses in H2 2020 was EUR 19.6 million.

As cost of hotel operations in the UK absorbed 59% of total operating expenses in H2 2019 and since the Group entered into triple-net lease agreements with its tenants in the UK as part of the Propco reorganization, a sharp decrease in expenses was expected. The overall decrease observed is 29%. This decrease is offset by the increase of operating expenses due to the scaling of the portfolio.

Hallmark The Queen, Chester

[3] After completion of disposing the hotel operations for the 2 hotels acquired in January 2020.

Administrative Expenses

Administrative expenses amounted to EUR 19.8 million for H1 2020. The expenses capture the transaction costs as well other administrative expenses for the two hotels in London in an aggregate amount of EUR 10.6 million. These expenses largely explain the increase in comparison to the EUR 12.8 million in H2 2019. Omitting these two hotels we observe a decrease of 30% between H1 2020 and H2 2019, which is explained by the completion of the hotel opco propco reorganization and contrary an increase in Germany due to scaling of the portfolio.

The main items under these expenses are administrative personnel expenses related to hotel operations in the United Kingdom, one off legal fees in Germany as well as recurring professional, legal fees and IT expenses. As a significant portion of these expenses are nonrecurring in nature and the hotel operations in the two London hotels will be disposed of, a further decrease of these expenses is expected.

Net gains on investment property

The Group was marginally impacted by COVID-19 resulting in realized valuation losses of EUR 51.4 million over H1 2020, which represents 1.4% of GAV. 78% of the net losses were incurred in the UK. The Group recognized a bargain purchase gain of EUR 28.2 million as realized on day one of the acquisition of the two London hotels in January 2020. The German portfolio has not incurred a decline in value in H1 2020 and the portfolio shows to be resilient for the impact of COVID-19.

Finance Expenses

Finance expenses amounted to EUR 62.3 million for H1 2020, which were driven largely by non-cash interest expense on shareholder loans in the amount of EUR 31.0 million as well as interest expenses for third parties and bonds in amount of EUR 28.5 million. Where interest expenses remain fairly stable between H2 2019 and H1 2020, other finance expenses show a significant decrease to only EUR 2.8 million. This is largely explained by early repayment fees incurred and amortization expenses for refinancing existing bank debt with bond proceeds in 2019, which enhanced the Groups capital position.

Cash Flow

In EUR thousands unless stated otherwise	1 January 2020 to 30 June 2020	1 January 2019 to 30 June 2019
Net cash flow from operating activities	50,920	58,087
Net cash flow used in investing activities	(401,718)	(120,115)
Net cash flow from financing activities	512,469	181,562
Net (decrease) / increase in cash and cash equivalents	**161,671**	**119,535**

Net cash flows from operating activities

The Group generated net cash from operating activities of EUR 50.9 million.

Net cash flow used in investing activities

Net cash used in investing activities amounts to EUR 401.7 million. The cash investments stem primarily from the acquisition of the two London hotels amounting to EUR 265.8 million. For pipeline acquisitions in Germany the Group made refundable advance payments of EUR 96.6 million.

Net cash flow from financing activities

Net cash flows from financing activities amount to EUR 512.5 million and are driven by capital injection from its shareholders in aggregate amount of EUR 522 million originating from its Golden investors and the controlling shareholder in Vivion. The Group was able to secure additional financing from credit institutions in aggregate of EUR 54.2 million

Liquidity and Capital Resources

The Group's liquidity requirements arise primarily from the requirement to fund new acquisitions and to service existing debt facilities. During the reporting period, the Groups' principal sources of liquidity consisted of cash generated from operations.

As at 30 June 2020, the Group had credit institution financing and senior unsecured notes in total of EUR 1,752.6 million and cash and cash equivalents of EUR 292.6 million (excluding restricted cash of EUR 22.1 million).

7. CERTAIN DEFINITIONS

Below are certain definitions relating to non IFRS measures and other operating data used in this report.

- "GAV" is a performance measure used to evaluate the total value of the properties owned by the Company excluding assets held for sale and including advance payments for investment property (including leasehold properties due to the application of IFRS 16).
- "EPRA NAV" is defined by the European Public Real Estate Association (EPRA) as the net asset value of the Company adjusted to include real estate properties and other investment interests at fair values and exclude certain items that are not expected to materialise in a long term real estate business model. When calculating the EPRA NAV we interpret shareholder loans, including accrued interest to be treated as equity.
- "Net Debt" is a performance measure used to evaluate company indebtedness. We calculate Net Debt as the sum of non cur- rent and current interest bearing loans and borrowings, comprising liabilities due to financial institutions and corporate bonds and includes the impact of IFRS 16 (long term lease liabilities), less cash and cash equivalents and excluding interest bear- ing liabilities held for sale and shareholder loans.
- "Unencumbered Assets" is defined as total assets not subject to any security interest as of the date of determination, excluding assets held for sale.
- "EBITDA" is a non IFRS performance measure used to evaluate the operational results of a company by adding back to the profit the tax expenses, net finance expenses, total depreciation and amortisation.

- "FFO" is an industry standard performance indicator for evaluating operational recurring profit of a real estate firm.
- The loan to value ratio ("LTV") assesses the degree to which the total value of the real estate properties are able to cover financial debt. The LTV is calculated as a ratio of Net Debt to GAV.
- "Annualised In Place Rent" is defined as contracted monthly rents as at 30 June 2020, without deduction for any applicable rent free periods, multiplied by twelve, and including signed lease agreements with lease terms beginning in the future and signed letters of intent.
- We define "WAULT" as weighted average unexpired lease terms (i.e. the remaining average lease term for unexpired leases with a contractual fixed maturity, not taking into account special termination rights as at 30 June 2020, including signed lease agreements with lease terms beginning in the future and signed letters of intent.
- "Property Occupancy Rate" is defined as the occupancy in the Aggregate Portfolio measured in sqm of NLA as at 30 June 2020, including signed lease agreements with lease terms beginning in the future and signed letters of intent.
- The aggregate amount of rent guaranteed on a weighted average basis pursuant to the rent guarantees relating to the hotel properties in the UK, which we calculate by dividing the total amount of rent guaranteed under the rent guarantees, by the total monthly rent payable under the relevant leases, assuming that all of our options to extend leases under the relevant leases are exercised and excluding the impact of inflation with respect to inflation linked leases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