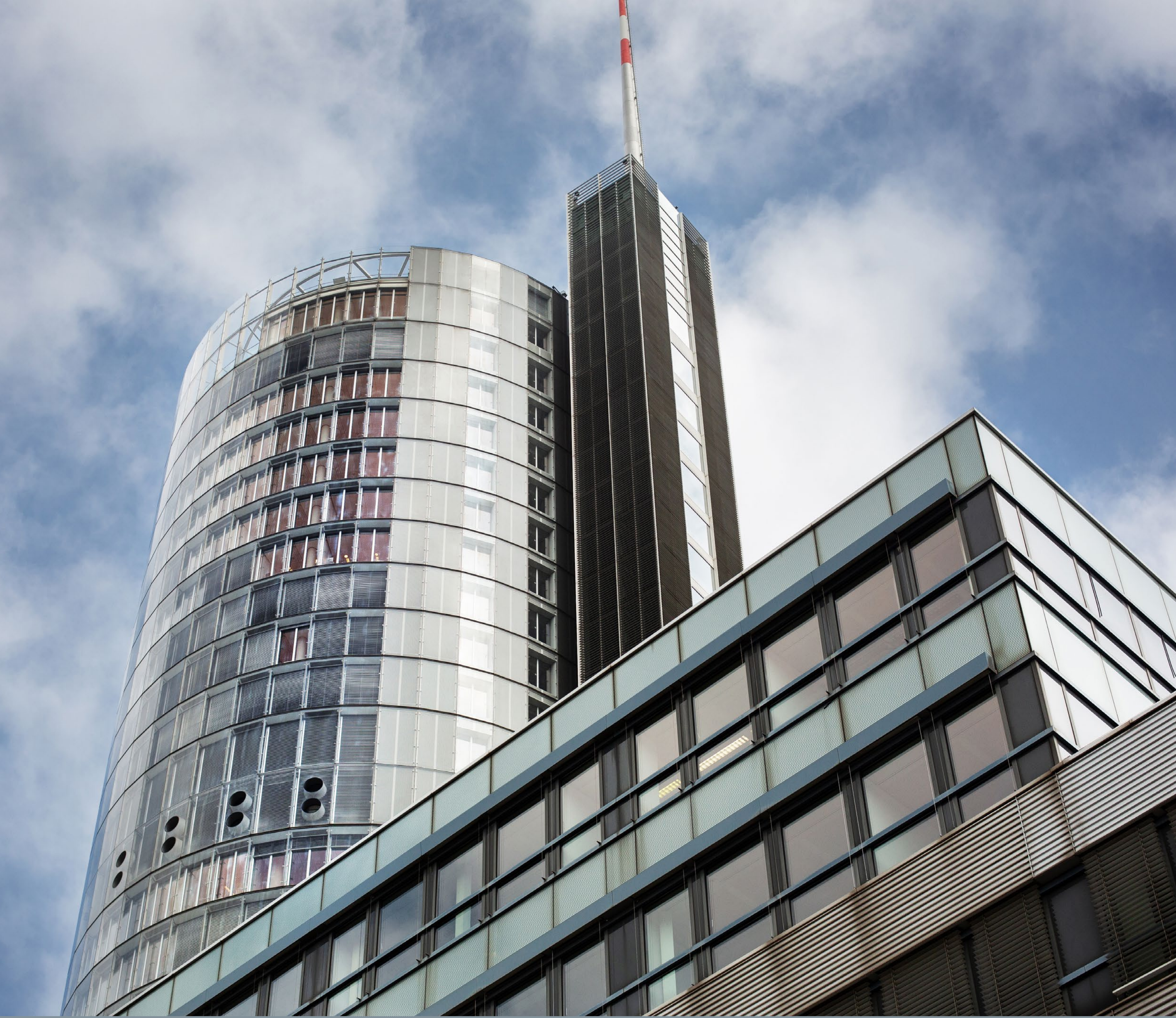

Condensed Consolidated Interim Financial Statements

as at 30 June 2020

VIVION

Vivion Investments S.à r.l.
155, Rue Cents
L-1319 Luxembourg
RCS Number - B228676

Condensed Consolidated Interim Financial Statements
as at 30 June 2020

Contents

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To the Shareholders of
Vivion Investments S.à r.l.
155, Rue Cents
L-1319 Luxembourg

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Vivion Investments S. à r.l. as at 30 June 2020, the condensed consolidated interim statements of profit or loss, changes in equity and cash flows for the six month period then ended, and notes to the condensed consolidated interim financial statements. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as adopted, for Luxembourg, by the Institut des Réviseurs d'Entreprises. A review of condensed consolidated interim financial statements consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2020 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Luxembourg, 11 September 2020

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

M. Weber

Condensed Consolidated Interim Statement of Financial Position

Assets

	Note	30 June 2020 EUR thousands	31 December 2019 EUR thousands
Non-current assets			
Investment property	5	3,867,502	3,708,610
Advances payment for investment property	4B	96,580	29,973
Investment and loans to equity-accounted investee		15,190	13,890
Property, plant and equipment		148	148
Derivative financial instruments		88	324
Restricted bank and other deposits		22,081	21,707
Other financial assets		16,630	18,982
Total non-current assets		**4,018,219**	**3,793,634**
Current assets			
Trade and other receivables		60,937	49,212
Prepayments		1,784	2,132
Inventories		327	-
Cash and cash equivalents		292,636	128,473
		355,684	**179,817**
Assets held for sale	6	321,189	307,987
Total current assets		**676,873**	**487,804**
Total assets		**4,695,092**	**4,281,437**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Financial Position

Equity and liabilities

	Note	30 June 2020 EUR thousands	31 December 2019 EUR thousands
Equity			
Issued share capital		12	12
Share premium reserve		53,030	53,030
Retained earnings		464,878	512,432
Foreign currency translation reserve		(20,665)	28,794
Total equity attributable to owners of the Company		**497,255**	**594,268**
Non-controlling interests		477,498	393,036
Total equity		**974,753**	**987,304**
Non-current liabilities			
Interest bearing loans and borrowings	7	616,742	763,386
Bonds		977,308	975,267
Loans from related parties	10	1,055,171	855,739
Loans from non-controlling interests		496,315	311,252
Tenant deposits		2,811	2,679
Long-term lease liabilities		73,985	76,362
Deferred tax liabilities		202,102	193,927
Total non-current liabilities		**3,424,434**	**3,178,612**
Current liabilities			
Trade and other payables		38,750	30,965
Income tax payables		8,323	9,265
Other short-term liabilities		58,874	29,941
Current portion of loans and borrowings		158,591	10,166
		264,538	**80,337**
Liabilities held for sale	6	31,368	35,184
Total current liabilities		**295,906**	**115,521**
Total liabilities		**3,720,340**	**3,294,133**
Total liabilities and equity		**4,695,092**	**4,281,437**

Date of approval of the financial statement: **11 September 2020**

Oliver Wolf, Director

Jan Fischer, Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Profit or Loss

	Note	For the six months ended 30 June 2020 EUR thousands	For the six months ended 30 June 2019 EUR thousands
Revenues			
Hotel income		6,453	133,438
Rental income		81,645	32,071
Service charge income		7,703	5,333
Total revenues		**95,801**	**170,842**
Cost of hotel operations		(3,629)	(48,439)
Other property operating expenses		(1,331)	(23,637)
Service charge expenses		(8,859)	(6,648)
Total operating expensies		**(13,819)**	**(78,724)**
Net operating income		**81,982**	**92,118**
Selling expenses		(1,989)	(15,801)
Administrative expenses		(19,778)	(23,688)
Valuation gains (losses) from investment property		(77,800)	109,585
Share in profit (loss) from investment in equity-accounted investee		(1,800)	-
Profit on disposal of investment property		-	8,473
Bargain purchase gain	4A	28,164	35,722
Net gains (losses) on investment property		**(51,436)**	**153,780**
Operating profit		**8,779**	**206,409**
Interest expenses on related party and non-controlling interest loans		(31,027)	(24,732) *
Interest expenses on third parties		(28,463)	(22,334) *
Other finance expenses		(2,835)	(8,434) *
Profit (loss) before tax		**(53,546)**	**150,910**
Income tax expense		(1,118)	(21,875)
Profit (loss) for the period		**(54,664)**	**129.035**
Attributable to:			
Owners of the Company		(47,553)	80,788
Non-controlling interests		(7,111)	48,247
		(54,664)	**129,035**

* Refer to note 2A, items were reclassified.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Other Comprehensive Income

	Note	For the six months ended 30 June 2020 EUR thousands	For the six months ended 30 June 2019 EUR thousands
Profit (loss) for the period		**(54,664)**	**129,035**
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translation reserve		(49,459)	(1,895)
Other comprehensive income (loss):		**(49,459)**	**(1,895)**
Total comprehensive income (loss) for the period		**(104,123)**	**127,140**
Attributable to			
Owners of the Company		(97,012)	78,893
Non-controlling interests		(7,111)	48,247
		(104,123)	**129,035**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

	Note	For the six months ended 30 June 2020 EUR thousands	For the six months ended 30 June 2019 EUR thousands
Cash flows from operating activities			
Profit (loss) before tax		**(54,664)**	**129,035**
Adjustments to reconcile profit (loss) for the period:			
Net change in fair value of investment property		77,800	(109,585)
Profit on acquisition at bargain price		(28,164)	(35,722)
Profit from disposal of investment property		(1,409)	(8,473)
Net finance expense		62,325	55,499
Tax expense		1,118	21,875
Depreciation		-	104
Share in loss from investment in equity-accounted investee		1,800	-
Change in inventories		28	110
Change in trade and other receivables		(7,423)	(1,960)
Change in trade and other payables		6,703	12,039
Change in tenant deposits		231	240
Taxes paid		(8,836)	(5,075)
Net cash from operating activities		**50,920**	**58,087**

Cash flows from investing activities			
Acquisition of investment property, net of cash acquired		(265,851)	(74,760)
Disposal of subsidiary, net of cash disposed of		-	100,815
Advances in respect of investment properties	4B	(96,580)	(131,400)
Capital expenditure and refurbishment of investment property		(32,085)	(6,800)
Capital expenditure on PP&E		-	(264)
Change in restricted bank and other deposits		(374)	(7,705)
Loans granted to related parties		(6,828)	-
Net cash used in investing activities		**(401,718)**	**(120,115)**

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The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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	Note	For the six months ended 30 June 2020 EUR thousands	For the six months ended 30 June 2019 EUR thousands
Cash flows from financing activities			
Proceeds from capital contributions of non-controlling interest shareholders		97,898	27,720
Proceeds from loans and borrowing		54,239	235,088
Proceeds from related party loans	8	221,640	78,973
Proceeds from loans from non-controlling interests		174,137	87,331
Repayment of loans and borrowings		(25,441)	(219,452)
Payment of debt issuance costs		-	(4,371)
Interest paid		(12,514)	(23,728)
Proceeds from hedging activities		2,510	-
Net cash from financing activities		**512,469**	**181,562**
Net increase in cash and cash equivalents		**161,671**	**119,535**
Cash and cash equivalents as at the beginning of the period		128,473	61,213
Effect of exchange rate differences on cash and cash equivalents		3,152	(382)
Cash classified as held for sale		(660)	-
Cash and cash equivalents as at the end of the period		**292,636**	**180,365**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Changes in Equity

	Attributable to owners of the Company						
	Issued share Capital	**Share premium reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	EUR thousands						
Balance as at 1 January 2020	**12**	**53,030**	**28,794**	**512,432**	**594,268**	**393,036**	**987,304**
Total comprehensive income							
Profit for the period	-	-	-	(47,553)	**(47,553)**	(7,111)	**(54,664)**
Other comprehensive income	-	-	(49,459)	-	**(49,459)**	-	**(49,459)**
Total comprehensive income for the period	**12**	**53,030**	**(20,665)**	**464,879**	**497,255**	**385,925**	**883,180**
Transactions with owners, recognized directly in equity							
Equity contributions of non-controlling interests	-	-	-	-	-	97,898	**97,898**
Debt/equity restructuring of non-controlling interests	-	-	-	-	-	(6,325)	**(6,325)**
Balance as at 30 June 2020	**12**	**53,030**	**(20,665)**	**464,878**	**497,255**	**477,498**	**974,753**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Changes in Equity

	Attributable to owners of the Company						
	Issued share Capital	Share premium reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	EUR thousands						
For the six months ended 30 June 2019							
Balance as at 1 January 2019	12	53,030	(1,059)	234,004	**285,987**	112,498	**398,485**
Effect of initial application of IFRS 16*	-	-	-	251	**251**	-	**251**
Balances as at 1 January 2019 after initial application							
Total comprehensive income	**12**	**53,030**	**(1,059)**	**234,255**	**286,238**	**112,498**	**398,736**
Profit for the period	-	-	(836)	80,789	**79,952**	48,246	**128,199**
Total comprehensive income for the period	**12**	**53,030**	**(1,895)**	**315,044**	**366,190**	**160,744**	**526,935**
Transactions with owners, recognized directly in equity							
Equity contributions of non-controlling interest shareholders net of issue costs	-	-	-	-	-	27,608	**27,608**
Non-controlling interests arising on initial consolidation	-	-	-	-	-	8,521	**8,521**
Derecognition of non-controlling interests due to sale of subsidiaries	-	-	-	-	-	(4,963)	**(4,963)**
Balance as at 30 June 2019	**12**	**53,030**	**(1,895)**	**315,044**	**366,190**	**191,910**	**558,102**

* See Note 3 regarding initial application of IFRS 16, Leases. According to the transitional method that was chosen, comparative data were not restated.
The accompanying notes are an integral part of these condensed consolidated interim financial statement

Notes to the Condensed Consolidated Interim Financial Statements

Note 1 – General

Vivion Investments S.à r.l., (the "**Company**" or "**Vivion**" and together with its consolidated subsidiaries the "Group") was formed in Luxemburg on 19 October 2018 and was registered with the Luxembourg Register of Trade and Companies (Registre de Commerce et des Sociétés Luxembourg) on 26 October 2018 under number B228676. The Company has its registered address at 155 Rue Cents, L-1319, Luxembourg.

The issued and fully paid share capital of the Company as at 30 June 2020 was EUR 12,002 (2019: EUR 12,002) divided into 12,002 shares (2019: 12,002 shares) with nominal value of EUR 1 each. The Company is a directly held subsidiary of Vivion Holdings S.à r.l. ("**Vivion Holdings**") a company incorporated in Luxembourg.

Vivion is a commercial real estate group, focusing on the ownership, management, improvement and selective acquisition and disposal of properties primarily in the United Kingdom ("**UK**") and Germany. As at 30 June 2020 ("**Reporting date**") Vivion Capital Partners ("**Vivion CP**") held 51.5% (2019: 51.5%) of the share capital of Golden Capital Partners S.A ("**Golden**").

Golden's business activities are focused on the German commercial real estate market with a focus on office properties. As at 30 June 2020 the Group owned 38 properties (2019: 39 properties) in Germany, which were classified as investment property.

Vivion holds 100% interest in Luxembourg Investment Company 210 S.à r.l. ("**LIC 210**") that focuses its business activities on investing in hotel properties located in the United Kingdom. As at 30 June 2020, LIC 210 indirectly held a portfolio of 56 hotels (2019: 54 hotels) in the United Kingdom, of which it acquired 2 hotels on 7 January 2020. The hotels are classified as investment property.

On 5 March 2020, Golden completed the increase of its capital and shareholder loans, where non-controlling interest shareholders (the "**Investors**") and Vivion CP contributed capital and granted shareholder loans to the Group, see Note 8.

Following the outbreak of the Coronavirus ("COVID-19"), the Group's operations remain resilient as it is not significant reliant on a supply chain of any sort. As of the date of the report, the Group did not identify a material impact from COVID-19 during the reporting period.

Germany
The office portfolio is well diversified across the Top 7 German Cities and has a strong, diversified, tenant base; government institutions, blue chip and large corporate tenants. Office properties represent approximately 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.

Rent collection rates for the portfolio are approximately 86% for Q2 and collection rates have increased in the subsequent period. Most of the rent not collected in Q2 is deferred and the majority is expected to be collected in the next 6 months, as agreed with the respective tenants.

The Group continues to monitor the situation towards COVID-19 and the impact thereof on the German portfolio. The review of cash flow forecasts and dunning procedures have top priority. The Group's diversified capital structure together with the geographic, asset and tenant diversification within its real estate portfolio places it in a strong position to manage the current challenges in today's environment.

UK

The Group reports a 100% collection rate up to and including September 2020 for its UK portfolio. None of the provided rent guarantees, 40 months on a weighted average basis per the reporting date have been invoked. Furthermore, none of its UK tenants have requested a rent-free period or rent reduction.

During the UK lockdown, which ran from Mid-March to Beginning of July 2020, several of the hotels remained open to accommodate key workers and other COVID-related guests. As per the Reporting date, several hotels remained open, complying with UK government guidance, in order to accommodate key workers and others. 67%* of the hotels are open and it is expected that most of the remainder will re-open in the upcoming months, as the hotel operators continue to assess their opening strategy.

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 non-essential 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 company's rating remained unchanged with a long-term corporate rating of 'BB' with stable outlook and a 'BB+' rating for the two Senior Unsecured Bonds as at 30 June 2020.

* As derived from hotel rental revenue.

Note 2 - Basis of Preparation

A. Statement of compliance

These condensed consolidated interim financial statements (the "**Financial Statements**") as at 30 June 2020 (the "**Report Date**") and for the six-month period then ended (the "Reporting Period") have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all information required for full annual financial statements. They should be read in conjunction with the financial statements as at and for the year ended 31 December 2019 (hereinafter – "the **Annual Financial Statements**")

However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group`s financial position and performance since the last audited annual consolidated financial statements.

Certain consolidated statement of financial position, consolidated statement of profit or loss, and consolidated statement of cash flows' items related to year ended 31 December 2019 and six months ended 30 June 2019 have been reclassified to enhance comparability with 30 June 2020 figures and are marked as "reclassified".

B. Use of estimates, judgments and fair value measurement

The preparation of financial statements in conformity with IFRSs requires management to exercise judgment when making assessments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except as described below and as mentioned in Note 3A, the significant judgments made by management in applying the Group's accounting policies and the principal assumptions used in the estimation of uncertainty were the same as those that applied to the annual financial statements.

C. Functional and presentation currency

These Financial Statements are presented in Euro, which is the Group's functional currency. All financial information presented in Euro (or "EUR") has been rounded to the nearest thousand, unless otherwise indicated. Due to rounding, the figures reported in tables and cross-references may deviate from their exact values as calculated.

Note 3 – Significant Accounting Policies

Except as described below in Item A, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its annual financial statements.

Presented hereunder is a description of the changes in accounting policies applied in these condensed consolidated interim financial statements and their effect:

A. Initial application of new standards, amendments to standards and interpretations

Standard interpretation amendment	The requirements of the publication	Effective date and transitional provisions	Expected effects
(1) Amendment to IFRS 3, *Business Combinations*	The Amendment clarifies when a transaction to acquire an operation is the acquisition of a „business" and when it is the acquisition of a group of assets that according to the standard is not considered the acquisition of a „business". For the purpose of this examination, the Amendment added an optional concentration test so that if substantially all of the fair value of the acquired assets is attributable to a group of similar identifiable assets or to a single identifiable asset, this will not be the acquisition of a business. In addition, the minimum requirements for definition as a business have been clarified, and examples illustrating the aforesaid examination were added, such as for example the requirement that the acquired processes be substantive so that in order for it to be a business, the operation shall include at least one input element and one substantive process, which together significantly contribute to the ability to create outputs. Furthermore, the Amendment narrows the reference to the outputs element required in order to meet the definition of a business and added examples illustrating the aforesaid examination.	The Amendment is effective for transactions to acquire an asset or business for which the acquisition date is in annual periods beginning on or after 1 January 2020.	In the opinion of the Group, application of the Amendment may have a material effect on the accounting treatment of future acquisitions of operations.
(2) Amendments to IFRS 9, *Financial Instruments,* and IFRS 7, *Financial Instruments: Disclosures, Interest Rate Benchmark Reform* („the Amendments")	The Amendments include several mandatory reliefs relevant for examining whether a hedging relationship affected by the uncertainty arising from the IBOR (interbank offered rate) interest rate reform (hereinafter: „the reform"), which in the future will lead to the replacement of interest rates such as the Libor and Euribor, qualifies for hedge accounting. Thus for example: - When determining the probability of occurrence of the hedged cash flows, the existing contractual cash flows should be used, and future changes arising from the IBOR reform should be ignored. - When performing a prospective assessment of effectiveness, the existing contractual terms of the hedged item and hedging item should be taken into consideration, and the uncertainties arising from the reform be ignored.	The Amendments are applicable retrospectively as from 1 January 2020. The relief included in the Amendments will end prospectively on the earlier of: the date the uncertainty arising from the reform no longer exists and the date the hedging relationship was discontinued.	In the opinion of the Group, application of the Amendments will not have a material effect on the financial statements.

Note 4 – Scope of Consolidation

A. Business combinations

On 7 January 2020, the Group acquired 2 hotels in London (UK) in a share deal. The Group paid a down payment of GBP 25.5 million (EUR 29.9 million) in December 2019. The acquisition is accounted for as a business combination based on IFRS 3, Business Combinations. As the transaction occurred in an off-market transaction from a third-party seller, it resulted in a bargain purchase gain of GBP 24.0 million (EUR 28.2 million)

Currently the Group operates the hotels. However, its involvement in their operation is expected to be short-term as its intentions are to seek a third-party operator for the operation of the hotels. Therefore, the hotels are classified as investment property and subsequently measured at fair value.

The acquisition was financed by a shareholder loan of GBP 213 million (EUR 250 million) and the remainder in cash.

The purchase price was allocated to the net identifiable assets and liabilities based on their relative fair values at the Acquisition Date, as follows:

	EUR thousands
Investment properties	351,762
Cash	3,164
Trade and other receivables	2,420
Inventory	379
Deferred tax liabilities	(23,509)
Other financial liabilities	(7,065)
Total identifiable assets	**327,152**
Less: Gain on bargain purchase	(28,164)
Total consideration	**298,988**
Satisfied by:	
cash	298,988
Cash flow analysis:	
Cash consideration	298,988
Less: cash and cash equivalent balances acquired	(3,164)
Less: advance payments in 2019	(29,973)
Net cash outflow arising on acquisition	**265,851**

The total consideration paid in cash amounted to GBP 255 million (EUR 299 million). Transaction costs amounted to approximately GBP 6.0 million (EUR 7.0 million) and are included in Administrative expenses in the Statement of Profit and Loss.

From the date of the acquisition, the hotels have contributed EUR 6.5 million to revenues.

B. Uncompleted transactions

The Group made advance payments of EUR 96.6 million during the reporting period to obtain first right of acquisition of several offices in Germany. Should the Group elect not to exercise its first priority right, the advance deposits will be fully returned to the Group.

Note 5 – Investment Properties

A. Reconciliation of investment property, according to its predominant use

	Germany*				UK	Totals
	Office	Hotels	Other	Subtotal	Hotels	
	EUR thousands					
Balance as at 1 January 2020 (incl. held for sale assets)	**1,931,404**	**153,023**	**133,984**	**2,218,411**	**1,787,234**	**4,005,644**
Acquisitions of investment property and investment in capex during the year, net	27,706	4,163	688	**32,557**	353,096	385,653
Other adjustments	9,980	1,980	127	**12,088**	-	12,088
Foreign currency revaluation effect	-	-	-	**-**	(142,761)	(142,761)
Disposal of subsidiaries	-	-	-	**-**	-	-
Fair value adjustments	(8,727)	(1,980)	963	**(9,744)**	(68,056)	(77,800)
Total	**1,960,363**	**157,186**	**135,763**	**2,253,312**	**1,929,512**	**4,182,824**
Less: classified as held for sale (Note 6)	(233,857)	-	(81,465)	**(315,321)**	-	(315,321)
At 30 June 2020	**1,726,506**	**157,186**	**54,299**	**1,937,990**	**1 ,929,512**	**3,867,502**

* The investment property table for Germany contains one property in another EU jurisdiction.

	Germany*				UK	Totals
	Office	Hotels	Other	Subtotal	Hotels	
	EUR thousands					
Balance as at 1 January 2019 (incl. held for sale assets)	**621,240**	**115,900**	**67,120**	**804,260**	**1,353,448**	**2,157,708**
Initial application of IFRS 16, see note 3	5,772	-	-	**5,772**	80,055	85,827
Restated balance as at 1 January 2019	**627,012**	**115,900**	**67,120**	**810,032**	**1,433,503**	**2,243,535**
Acquisitions of investment property and investment in capex during the year, net (Note 5)	936,442	32,829	66,793	**1,036,064**	322,521	1,358,586
Fair value adjustments	480,005	4,294	71	**484,370**	42,376	526,746
Foreign currency revaluation effect	-	-	-	**-**	86,154	86,154
Disposal of subsidiaries	(112,056)	-	-	**(112,056)**	(97,321)	(209,377)
Total	**1,931,404**	**153,023**	**133,984**	**2,218,411**	**1,787,233**	**4,005,644**
Less: classified as held for sale (Note 7)	(225,160)	-	(71,874)	**(297,034)**	-	(297,034)
At 31 December 2019	**1,706,244**	**153,023**	**62,110**	**1,921,377**	**1,787,233**	**3,708,610**

* The investment property table for Germany contains one property in another EU jurisdiction.

The Group values its investment properties through engaging external independent appraisers, using the discounted cash flows method ("DCF"), and the residual value method. Under the DCF methodology the expected future income and costs of the property are forecasted over a period of 10 years and discounted to the date of valuation, by using a discount rate that is suitable in the appraisers' and Group management's view to the specific property location and category, specific characteristics and inherent risk as well as the prevailing market conditions as at the Report Date. For the properties in the UK for which there was a change in fair value in the reporting period, the cap rates and discount rates in the valuations increased by 25 bps to 75 bps from the valuations in the Annual Financial Statements. The income mainly comprises expected rental income (current in-place rent, market rents as well as their development) net of operating expenses estimation, taking vacancy and lease-up assumptions into account, as well as estimation of anticipated capital expenditure.

The Residual value method uses the present value of the market value expected to be achieved in the future from the property once it is developed less estimated cost to complete. The rental levels are set at the current market levels capitalized at the net yield which reflects the risks inherent in the net cash flows.

The Group's investment property has been categorized as level 3 fair value based on the input to the valuation technique used and was determined considering the highest and best use measurement approach according.

The Group prepared a fair value assessment of its investment property portfolio. In Germany, changes in the portfolio are primarily attributable to capex deployment. Following the assessment, the Group did not identify material changes in the fair valuation, for which the company engaged external valuation experts. In the UK, the Group obtained an update valuation of its hotel portfolio as performed by external valuation experts. The results of this assessment have been processed.

The Group and the valuators confirm that there is no actual or potential conflict of interest that may have influenced the valuators status as external and independent valuator.

Note 6 – Assets and Liabilities Held for Sale

The Company expects to sell a non-core property being held by Golden within the next 12 months. The Group has initiated selling activities and is in advanced negotiations with a potential buyer. The Company classified the investment property with fair value of EUR 8.2 million alongside with related assets and liabilities as held for sale in accordance with IFRS 5.

There has been no change to the assets and liabilities classified as held for sale as per the annual financial statements 2019. Refer to below table for breakdown of assets and liabilities classified as held for sale.

	30 June 2020 EUR thousands
Assets	
Investment property	315,356
Trade and other receivables	1,601
Cash and cash equivalents	705
Other assets	3,528
	321,189
Liabilities	
Loans and borrowings	14,774
Trade and other payables	3,663
Other long-term liabilities	3,263
Deferred tax liabilities	9,699
	31,368
Net assets held-for-sale	**289,821**

Note 7 – Loans and Borrowings

Interest Type	Loan date	Original amount of loan	Interest mechanism and rate	Payment date of principal	30 June 2020 Principal value EUR thousands	30 June 2020 Carrying amount EUR thousands
Variable	3 February 2020	EUR 29 million	3M Libor + 1.51% *	30 November 2024	28,600	28,600
Variable	26 May 2020	EUR 15 million	3M Libor + 1.38% *	30 June 2027	15,000	15,000
Variable	26 May 2020	EUR 10 million	3M Libor + 1.38% *	30 June 2027	10,000	10,000
Total new loans issued or acquired during the reporting period					**53,600**	**53,600**
Loans and borrowings as at 31 December 2019						781,951
Less repayment of loans						(25,441)
Foreign exchange effects on loans denominated in GBP						(33,709)
Total loan balance as at 30 June 2020						**776,401**

*Loans have interest rate cap derivatives on the 3-M-Euribor

Presented in the statement of financial position under:

	30 June 2020	31 December 2019
	EUR thousands	
Presented under non-current liabilities	616,742	763,386
Presented under current liabilities	158,591	10,166
Presented under held-for-sale	1,068	8,399
Total	**776,401**	**781,951**

B. Compliance with financial covenants

As part of the bank loans received by the Group, the Group companies have undertaken to maintain certain financial ratios, inter-alia, LTV ratios, debt service coverage ratio, interest coverage ratios and loan to annual rent ratio.

As at 30 June 2020, the Group is in compliance with its debt covenants, except for certain covenants on loans in the UK. The Lenders provided a waiver for those covenants. For more information see note 12.

C. Collateral

To secure the new bank loans with aggregate principal values of EUR 53.6 million as at the Report Date, the Group pledged properties whose total fair value at the Report Date amounts to EUR 112.4 million.

Note 8 - Loans with Related Parties and Non-Controlling Interests

On 6 January 2020, Vivion received additional loans from its controlling shareholder amounting to GBP 213 million (EUR 250 million). The loan bears 5.50% annual interest rate which is compounded to the loan principal on an annual basis, payable in the 10th anniversary year (2028). In addition, the Company at it sole discretion, have the right to prepay the loan at any time subject to 3 days' notice, or to extend the loan term by additional five years. The Company may, occasionally at its sole discretion, subject to 7 days' notice, convert the loan into its own Ordinary shares according to a fixed to variable conversion price which reflects the Company's value based on external valuation report as of the date of conversion. The loan is unsecured and subordinated to the other Company's loans.

During the Reporting Period non-controlling interest shareholders provided loans to Golden amounting to EUR 172 million, for which total loans from the non-controlling interest shareholders amounts to EUR 459.5 million per 30 June 2020 (excluding accrued interest of EUR 25.3 million). The loans bear 5.25% annual interest rate which is compounded to the loan principal on an annual basis, payable in the 10th anniversary year. In addition, Golden at its sole discretion, has the right to prepay the loan at any time subject to 3 days' notice, or to extend the loan term by additional five years. Golden may, occasionally at its sole discretion, subject to 7 days' notice, convert the loan into its own Ordinary shares according to a conversion price which reflects the Golden's value based on external valuation report as of the date of conversion. Any prepayment or conversion of the non-controlling interest shareholder loans may be executed only on a pro rata basis according to each shareholder stake. Loans from shareholders are unsecured and subordinated to the other Group debt.

Note 9 – Operating segments

A. Segment reporting

The Group has two reportable segments - as described below, which form the Group's strategic business units. The allocation of resources and evaluation of performance are managed separately for each business unit because they have different asset classes and different geography, hence exposed to different risks and required yields.

For each of the business units, the Group's chief operating decision maker (CODM) reviews management reports on at least a quarterly basis for:

- Properties located in Germany
- Properties located in the United Kingdom

Commercial properties in Germany include predominately office asset class (89.1% of the total fair value of the German portfolio as of the Report Date). The other asset class in Germany include hotels, residential and retail investment property. None of these segments meets any of the quantitative thresholds for determining reportable segments during the Reporting period.

The accounting policies of the operating segments are the same as described in Note 3 regarding significant accounting policies presented above. Performance is measured based on segment operating profit as included in reports that are regularly reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the segments' results. Segment results reported to the CODM including items directly attributable to a segment on a reasonable basis. Financial expenses, financial income and taxes on income are managed on a group basis and, therefore, were not allocated to the different segment activities. Segment assets comprise mainly investment property, cash and equivalents and operating receivables whereas segment liabilities comprise mainly borrowings and operating payables.

Information regarding the results of each reportable segment is provided below:

	United Kingdom	Germany	Total Consolidated
	EUR thousands		
For the six month period ended 30 June 2020			
Revenues	63,796	32,005	95,801
Operating expenses	(4,655)	(9,164)	(13,819)
Reportable segment gross profit	**59,141**	**22,841**	**81,981**
Selling and administrative expenses	(12,070)	(9,698)	(21,767)
Changes in fair value of investment properties	(68,170)	(9,630)	(77,800)
Reportable segment operating profit	**(21,099)**	**3,513**	**(17,586)**
Bargain purchase gain			28,164
Share in profit (loss) from equity-accounted investee			(1,800)
Net finance expenses			(62,325)
Profit (loss) before tax			**(53,546)**

	United Kingdom	Germany	Total Consolidated
	EUR thousands		
For the six month period ended 30 June 2019			
Revenues	143,806	27,036	170,842
Operating expenses	(68,903)	(9,821)	(78,723)
Reportable segment gross profit	**74,904**	**17,215**	**92,119**
Selling and administrative expenses	(15,772)	(29)	(15,801)
Changes in fair value of investment properties	-	118,058	118,058
Reportable segment operating profit	**59,132**	**135,244**	**194,376**
Bargain purchase gain			35,722
Administrative expenses			(23,688)
Net finance expenses			(55,499)
Profit before tax			**150,911**

Note 10 - Related Parties

The following balances with related parties are included in the condensed consolidated interim financial statements:

	30 June 2020	31 December 2019
	EUR thousands	
Receivables from related parties	23,992	14,964
Investment and loans to equity-accounted investee	15,190	13,890
	39,182	**28,854**
Payables to related parties	(6,102)	-
Loans from related parties	(1,055,171)	(855,739)
	(1,061,273)	**(855,739)**
Net payable to related parties	**(1,022,091)**	**(826,885)**

	For the six months period ended 30 June 2020	For the six months period ended 30 June 2019
	EUR thousands	
Consolidated statement of profit or loss		
Rental and service charges income	47,111	-
Interest income on loans to related parties	770	171*
Services and management fee charges	(553)	(743)
Interest on loans from related parties	(31,052)	(21,002) *
Net expense relating to related party transaction	**16,276**	**(21,574)**

*Refer to note 2A, items were reclassified.

Certain companies belonging to the Golden group are engaged with affiliated companies to the ultimate beneficial owner of the Company for providing services to these Golden group companies. These services include Asset Management and Property Management, which are being charged for as rates of the rental income of the respective property company, according to the agreement with the Investors. The above amount excludes facility management fees recoverable from tenants.

Certain hotel companies in the UK belonging to the Group are engaged with affiliated companies to the ultimate beneficial owner of the Company for providing services to these group companies. These services are Property Management which are being charged for as rates of the Gross Operating Profit of the respective hotel company.

On 6 January 2020, The Group received additional capital contributions amounting to GBP 213 million (EUR 250 million) from Vivion's controlling shareholder, refer to note 8.

Note 11 - Financial Instruments

With respect to the fair value of financial instruments, the difference between the fair value of long-term bank loans as at 30 June 2020 and the carrying amount of the loans in the condensed consolidated interim financial statements as at 30 June 2020 is not materially different from this difference as at 31 December 2019. The carrying amount of the other financial assets and financial liabilities is the same or proximate to their fair value.

Note 12 - Subsequent Events

A. 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.

B. On 27 July 2020 the group prepaid a secured loan in amount of GBP 59 million (EUR 65 million). The loan borne a coupon of 3M Libor plus 6.25%.

C. On 13 August 2020, the Group issued in a private placement of senior unsecured convertible bonds in amount of EUR 200 million due August 2025 with a coupon of 2.25%. The bonds are convertible at the option of an investor following an initial public offering.

D. On 20 August 2020, a subsidiary of the group entered into a EUR 565 million secured bank facility contract. As of the date of this report no drawn was made. The loan, once drawn, will bear an initial interest rate of 3M Euribor plus 2.61% for the first phase and an interest rate of 3M Euribor plus 1.86% for the second phase 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.

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