



# REPORT TO NOTEHOLDERS

For the period ended 30 June 2022

13 September 2022



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

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Annex I: Vivion Investments S.à r.l. condensed consolidated interim financial statements for the period ended 30 June 2022







# 1. INTRODUCTION

Vivion Investments S.à r.l. (the “Company” or “Vivion” and together with its consolidated subsidiaries the “Group”) today is publishing its condensed consolidated interim financial statements for the period ended 30 June 2022 (the “Reviewed H1 2022 FS”). The Reviewed H1 2022 FS are available on the website of the Company and attached to this report as Annex.

## General Information

The Reviewed H1 2022 FS have been prepared in accordance with IFRS standards. The Company’s fiscal year ends on 31 December. References to any fiscal year refer to the year ended 31 December of the calendar year specified.

The following report has been prepared by the Company for (i) the noteholders of the EUR 700 million 3.000% Senior Notes due 2024 (“2024 Notes”) and EUR 640 million 3.500% Senior Notes due 2025 (“2025 Notes” and together with the 2024 Notes, the “Notes”) pursuant to section 9.5 lit. (ab) of the terms and conditions of the Notes and (iii) 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 2022 FS. Capitalised terms in this report, unless otherwise defined, shall have the meaning attributed to them in the Reviewed H1 2022 FS.







## 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 2022 FS including GAV, EPRA NTA, Net Debt, Net LTV, Secured LTV and Unencumbered assets (ratio).

Certain data contained within this report relating to our properties, tenants and rent levels such as WAULT, Annualised In Place Rent and Property Occupancy Rate, are derived from our operating systems or management estimates, and 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 2022. 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 those measures, or 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.



## 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 financial information contained in the Reviewed H1 2022 FS reflect the Groups business, net assets, financial condition, cash flows and results of operations situation as of and for the period ended 30 June 2022.

On 24 February 2022, the Russian Federation ('Russia') started moving military forces into the Ukraine, initiating a full-scale invasion. As of the date of this report, hostilities continue. In a reaction to the Russian invasion, many countries and organizations have announced sanctions against Russia, Russian companies and individuals. In turn, Russia has shortened energy supplies which resulted in a substantial increase of energy prices. As a result of the uncertain duration and impact of Russia's invasion on the global economy, the financial and capital markets face a high degree of volatility. Although the Group's operations are not directly impacted by the conflict as it has no direct exposure to Ukraine or Russia, the Group may be indirectly affected.

The Coronavirus pandemic, the monetary policy as a response and the geopolitical situation around Russia and Ukraine and the subsequent disruption of global economy has resulted in increasing inflationary pressure and supply shortages in 2021 and 2022. Rising Inflation is mainly driven by higher energy prices and material costs. Increasing cost and declining demand may impact the profitability of the Group's tenants which could result in lower rent collections, impact-

ing the Group's profitability. Higher material costs may also negatively impact the Group's capital expenditures. As the Group does not have any material development exposure or material committed capex projects, there should only be limited effect. Furthermore, as a reaction to high levels of inflation, central banks in Europe and the US have increased interest rates and it is expected that this trend will continue. Rise of interest rates combined with volatility in the financial markets may reduce the Group's ability to raise debt at attractive prices which might have a negative impact on the cost of new financing for the Group and might put upward pressure on discount rates and cap rates, which may have a negative impact on the fair value of the Group's assets. These economic effects may not be fully visible as of today and further economically detrimental developments may occur within the current financial year and thereafter.

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

certainties 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.

Vivion expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained in the documents on 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 pro-vided 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

### Financial position highlights

	30 June 2022	31 December 2021
	In EUR millions unless stated otherwise	
Total Assets	5,441	5,316
Investment property <sup>1</sup>	3,705	3,668
Cash	722	803
Net Debt <sup>2</sup>	1,700	1,591
Net LTV	36.0%	35.3%
Secured LTV	1.1%	-2.1%
Unencumbered assets	3,091	3,204
Unencumbered assets ratio	60.6%	61.0%
EPRA NTA	1,985	1,975

### Operational Data

	30 June 2022	31 December 2021
Annualised in place rent (in EUR millions) <sup>3</sup>	196	188

	30 June 2022	31 December 2021
Property Occupancy Rate <sup>3,4</sup>	95%	96%
Number of Assets <sup>3,4</sup>	98	89
WAULT <sup>3,4</sup>	10.9 years	11.8 years

### Key financials

	For the period 1 January 2022 to 30 June 2022	For the period 1 January 2021 to 30 June 2021
	In EUR millions unless stated otherwise	
Revenues	108.8	96.2
Adjusted EBITDA	90.5	79.6
FFO	57.4	47.5

<sup>1</sup> Including EUR 71.5 million of advance payments for pipeline acquisitions (2021: EUR 80.4 million) and excluding assets held for sale.

<sup>2</sup> Includes long term lease liabilities of EUR 142.6 million (2021: EUR 138.6 million).

<sup>3</sup> Excluding assets held in other EU jurisdictions.

<sup>4</sup> Excluding assets held for sale.



## Highlights – H1 2022



**Total assets as at 30 June 2022 EUR 5,441 million (EUR 5,316 million as at 31 December 2021) including EUR 722 million cash position. Investment property as at 30 June 2022 EUR 3,705 million (EUR 3,668 million as at 31 December 2021) excluding EUR 336 million of assets classified as held for sale.**

- In the first half of 2022, Vivion successfully completed several acquisitions from third parties, predominantly located in Berlin in prime locations with a consolidated Gross Asset Value of approx. EUR 338 million.
- The acquired assets add a total of EUR 11 million annualized in-place rent to the German portfolio, with a significant potential as the acquired properties are under rented. The acquisitions increased the footprint of Vivion's portfolio in Berlin and have balanced the portfolio's geographic split between Germany and UK as in line with Vivion's strategy.







### Kudamm disposal update:

- In 2021, a subsidiary of Vivion has engaged with Aggregate Holdings SA ('Aggregate') in a contract for the sale of a group of Subsidiaries holding an asset complex in the center of Berlin (the "Fürst project") through a share deal. Vivion sold its full 89.9% interest in this asset complex. The consideration for the sale was settled in cash, traded bonds (5.5% 2024 Aggregate holdings SA Bonds) and non-traded bonds (Project Lietzenburger Straße PropCo S.à r.l November 2023 bonds). As a seller protection, Vivion benefited from a waterproof security package over several companies that indirectly hold the Fürst project, additional German real estate assets and included an additional seller protection mechanism.
- In March 2022, Vivion disposed of the outstanding position in the non-traded bonds it received as part of the sale, with a book value of EUR 332 million for a total consideration of EUR 321 million to a EUR 4bn third-party well reputable European-based asset manager with expertise in and sizeable exposure to German real estate. The total purchase price was split in to an immediate cash payment of ca. EUR 112 million which has been received by Vivion with the remaining EUR 209 million being deferred to the end of 2022. The interest on the deferred payment is 2% p.a. The deferred payment is secured by a full pledge over the notes sold.
- In September 2022, Vivion has entered into a cash free transaction with Aggregate to settle the remaining outstanding position of the traded bonds, with a nominal amount of EUR 220 million (market value of EUR 77 million as at 30 June 2022). The consideration of the settlement was done through the acquisition of two assets of the Quartier Heidestrasse ("QH") project in central Berlin with Net Asset Value of ca. 220 EUR million. As of the date of this report the acquisition of QH Core has been completed, while the closing of QH Spring is subject to certain conditions precedent.
- The two assets (QH Core and QH Spring) are part of the Quartier Heidestrasse ("QH") project in a prime location of Berlin, only ten minutes walking distance from Berlin's famous government district. The assets comprise ca. 85k sqm of buildable area with a total Gross Asset Value of approx. EUR 456 million. The assets are newly built, income producing and well occupied, and do not require any material capital expenditures
- The assets come with an existing senior financing from local German banks with attractive terms. The facility for QH Core is approx. EUR 130 million and bears 1.75% interest with a debt maturity of 8.5 years. The additional secured debt will have marginal effect on Vivion LTV. Proforma to the QH Core completion, the LTV will increase by approximately 1.5 percentage points, from 36% to 37.5%.
- Following the completion of QH Spring, Aggregate has settled all outstanding positions with Vivion and Vivion has no further business relationship with Aggregate.
- As of the date of this report and following the completion of QH spring, the total proceeds received by Vivion for the Fürst project amounts to ca. EUR 854 million and was settled as follows:
  - ca. EUR 634 million, out of which ca. EUR 422 million in cash received by Vivion and the deferred payment as described above in the amount of ca. EUR 212 million including interest that is due by the end of 2022.
  - ca. EUR 220 million Net Asset Value of prime income producing real estate properties (QH Core and QH spring)

The total proceeds represent ca. EUR 250 million above Vivion's original total investment cost (including the Acquisition price and the Capex invested by Vivion) of the Fürst project.





**H1 2022 Revenues EUR 108.8 million (H1 2021: EUR 96.2 million), Adjusted EBITDA EUR 90.5 million (H1 2021: EUR 79.6 million), FFO EUR 57.4 million (H1 2021: EUR 47.5 million).**

Rental income increased 12% to EUR 98 million (H1 2021: EUR 87.6 million). The increase is mainly attributable to indexation of in-place leases both in Germany and in the UK, new rental agreements in the German portfolio and new acquisitions. The increase in rental income as well as operational savings supported the increase in all parameters. The FFO was further supported by the decrease in net cash interest.



**Operating expenses in H1 2022 amounted to EUR 10.7 million** (H1 2021: EUR 9.6 million), an increase of 12%, caused mainly by the new acquisitions that in return also attributed to the increase of the revenues. **General & administrative expenses amounted to EUR 7.6 million** (H1 2021: EUR 9.9 million), a decrease of 23% mainly due to the disposal of the operations of 2 hotels in UK in the second half of 2021 and lower professional fees in the German portfolio.



Solid **Cash position of EUR 722 million** as at 30 June 2022. With a further expected inflow of EUR 212 million following the settlement of the deferred payment for the non-traded bonds. The high cash position held is intended to fund new acquisitions and the refinancing of existing debt.



Vivion has maintained conservative credit ratios: **Net LTV at 36.0%, unencumbered assets ratio at 60.6% and secured LTV of only 1.1%**. Average cost of debt 3.0%.

- In June 2022, Vivion announced its intention to undertake a partial buyback of the outstanding 3.00% Aug. 2024 bonds and 3.50% Nov. 2025 bonds for an amount up to EUR 150 million. As of 30 June 2022, Vivion completed a series of on-market transactions to buyback a nominal EUR 66 million of bonds. Vivion intends to continue the buyback program. The total amount will be subject to prevailing market conditions at the time. With the buyback program, Vivion signals to the market strong confidence in the portfolio and strategy while further reducing its outstanding debt.
- In June 2022 a long-term, reputable investor made a 4.2% investment in Vivion. The investor invests in long-duration capital across public and private securities on behalf of institutional investors and family offices globally. The investor's strategy is a long duration, buy and hold strategy, to add value and work collaboratively as partner with Vivion and management team.
- Increasing interest rates: substantially all existing debt is hedged or has a fixed rate, limiting Vivion's direct exposure to increasing rates. The bond covenants provide sufficient headroom to withstand a potential decline in the valuation of assets and/or increase in interest expenses.
- Vivion is working on refinancing its existing debt to prolong its debt maturity profile.



**Operational Highlights**

- Continued **successful asset management** activities in the German portfolio in the first half of 2022 with new leases or extensions. Vivion maintains a strong leasing pipeline for H2 2022 as demand remains strong in the top cities in Germany.
- 100% of the UK leases and over 90% of leases in the German portfolio are either indexed linked or have a step-up rent component. The in-place lease characteristics provide rental growth along with inflation. In addition, the average rent per sqm for the German portfolio is relatively low and provide Vivion with flexibility to increase rents to further absorb inflation.



Overall collection rates across portfolio: approx. **90% for H1 2022**.

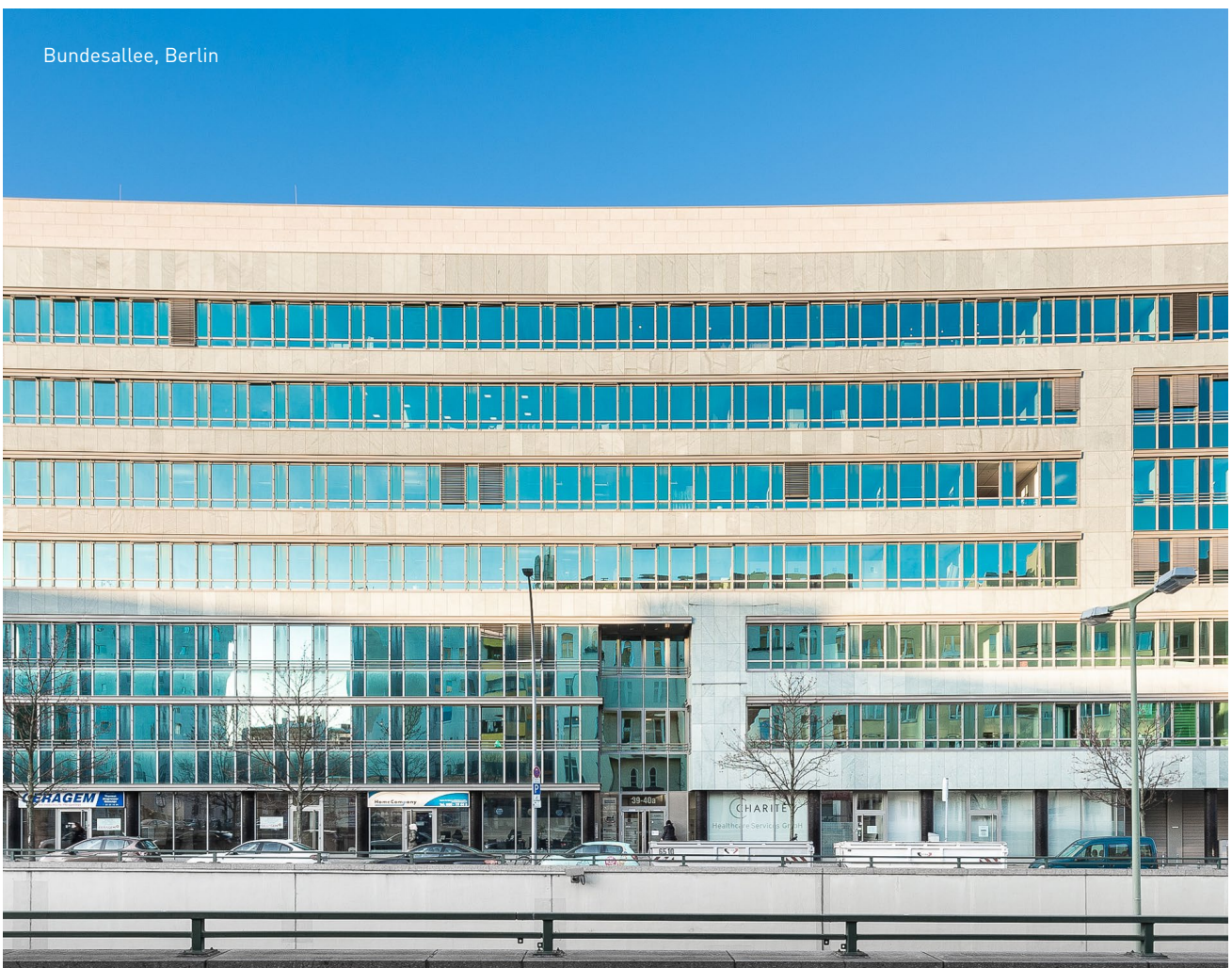
- **H1 2022 Rent collection German portfolio:** approx. 90%.
- **Rent collection UK hotel portfolio:** approx. 88% for the period Q1 till Q3 2022 with the remainder being deferred and paid in monthly installments in the first half of 2023.
- 93% of 2020 and 2021 rents have been collected as per the payments schedule agreed with the tenants, the reminder is still being collected on a monthly basis.



### Governance and ESG

- Vivion published its first ESG report in May 2022 and is on track to further define its short and long term ESG goals to achieve its Net Zero Carbon goal by 2040.
- In August, the board appointed Mr. Kenneth Costa to Vivion's advisory board. Mr. Costa has been in investment banking for 40 years, serving as chairman of Europe, the Middle East and Africa for UBS Investment Bank and vice chairman of the group's investment banking business globally. Previously, he was chairman of Lazard International, during which time he worked in mergers and acquisitions, advising global corporations on their international strategies. Mr. Costa brings a wealth of experience and relevant expertise to help Vivion deliver on the execution of its strategic plans. The Advisory board has an advisory role only and has no statutory powers.
- Vivion is in the process to appoint an independent board member to the Board of Managers and to further strengthening its corporate governance structure.

Bundesallee, Berlin





## 3. THE COMPANY

Vivion is a commercial real estate company, focusing on the ownership, management and improvement of properties mainly in Germany and the United Kingdom. Vivion's portfolio comprises a quality office real estate portfolio in Germany which benefits from the strong expertise, reputation and network of its affiliated asset management platform and a well-diversified predominantly 3-4 star hotel portfolio in the

United Kingdom let to experienced and internationally known hotel operators. Vivion's German Portfolio consists of predominantly office properties located in top German cities with significant commercial activity, let to a variety of creditworthy tenants including government entities and "blue chip" companies, while its UK Portfolio consists of predominantly branded hotels mainly located in the UK's largest cities.

### Portfolio

As at 30 June 2022	Total	UK	Germany
	In EUR millions unless stated otherwise		
Fair Value <sup>1</sup>	3,633.8	1,899.7	1,734.1
Advance payments for future acquisitions	71.5	-	71.5
<b>Total</b>	<b>3,705.3</b>	<b>1,899.7</b>	<b>1,805.6</b>
% of total Portfolio value	100	51	49

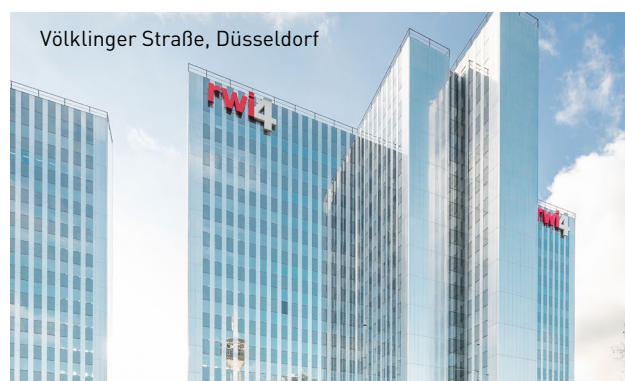
In the first six months of 2022, Vivion acquired EUR 338 million of assets in several transactions. The new assets acquired are located predominantly in Berlin in prime locations. The assets are income producing and add a total EUR 11 million of rent to the German portfolio, with significant potential to increase the rent levels as most assets are under rented. The acquisitions have balanced the portfolio's geographic split between Germany and UK as in line with Vivion's strategy to increase its portfolio exposure towards Germany. The split now stands at 49% Germany and 51% UK.

As at 30 June 2022, Vivion classified a total of EUR 336 million of assets as held for sale. *(for more information on held for sale assets see note 6 to the Reviewed H1 2022 FS, Annex I).*

### Portfolio valuations

Vivion believes that, although potential long-term increases of yields might have a negative effect on discount rates, this might be compensated by the cash flow increase due to higher indexation as a result of increasing inflation rates. The vast majority of leases are either inflation linked or have a step-up rent com-

ponent. The in-place lease characteristics provide rental growth along with inflation that might set off the potential increase in the discount and cap rates. The demand in the market for inflationary protection assets is high and replacement value/construction cost is increasing due to the lack of human resources and higher material costs. With real rates deep in negative territory, real estate is widely considered a good proxy to hedge inflation. Together, those fundamentals drive a high demand for real estate with indexed leases such as Vivion's portfolio, with high quality assets in UK and in Germany across strong micro and macro locations which are less vulnerable to rising cap rates.

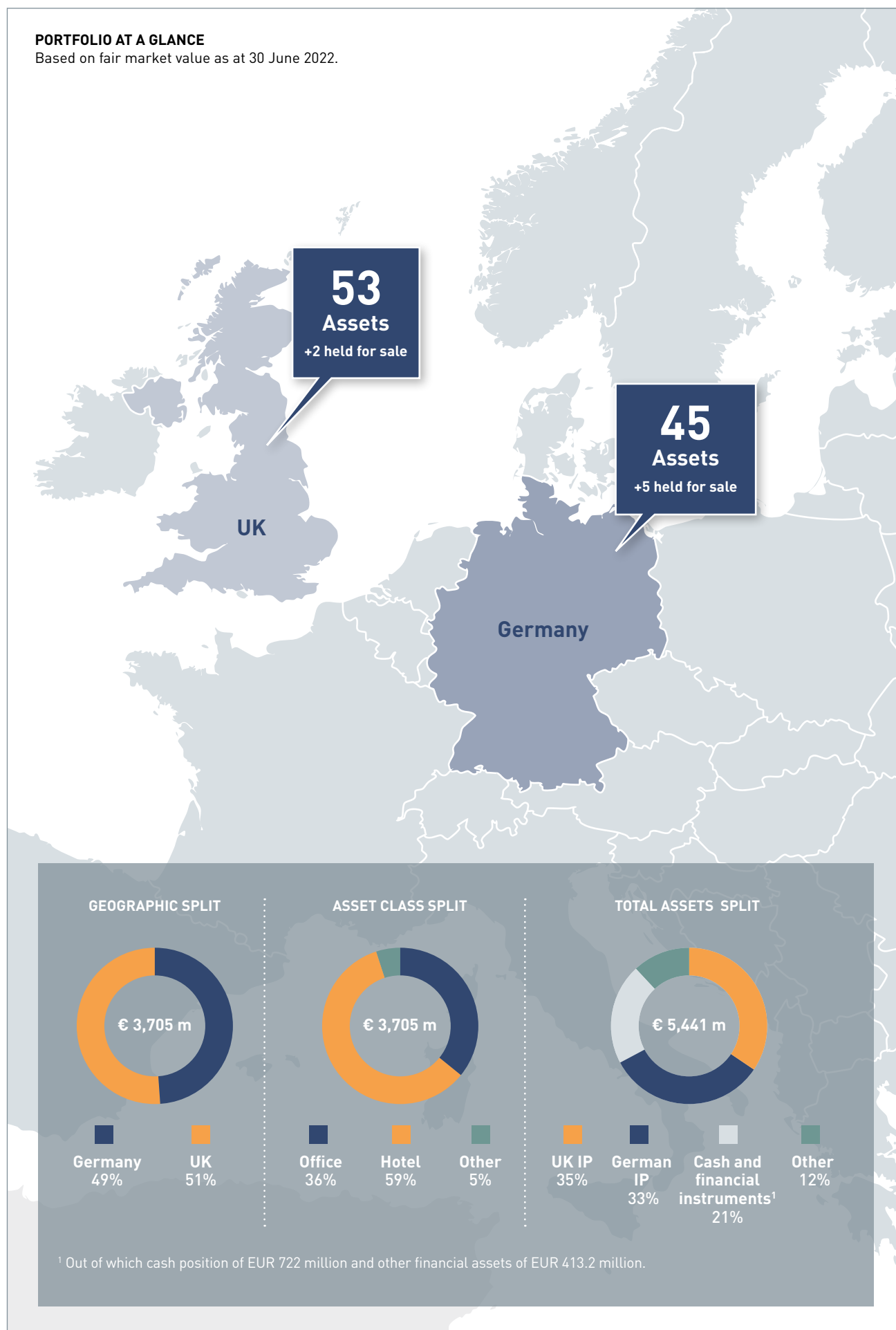


<sup>1</sup> Excluding assets held for sale. Germany contains non-material properties in other EU jurisdictions.

<sup>2</sup> Represents fully consolidated position of the of Investment Property.

## PORTFOLIO AT A GLANCE

Based on fair market value as at 30 June 2022.





The length of the leases as well as the tenant profile and diversity reflect the stability of Vivion's rental income stream and provides high predictability of the future cash flows. Vivion's tenant base include over 150 tenants, providing a diversified income stream, with no dependency on a single tenant.

As at 30 June 2022, the WAULT of Vivion's portfolio was 11 years. over 90% of leases in the German portfolio are either indexed linked or have a step-up rent

component, providing a protection against future risk of loss of purchasing power. The Property Occupancy Rate for the portfolio stands at 95%.

Total Annualized In Place Rent increased from EUR 188 million (as at December 2021) to 196 million primarily as a result of acquisitions in the German portfolio and indexation of leases for both portfolios, and was partially offset by FX adjustments for the UK portfolio.

As at 30 June 2022	Total	UK	Germany
Annualised In-place rent (in EUR millions) <sup>1</sup>	195.7	123.8	71.9

As at 30 June 2022	Total	UK	Germany
WAULT (in years) <sup>1,2</sup>	10.9	13.4	7.0
Property Occupancy Rate in % <sup>1,2</sup>	95	100	90
Number of properties <sup>1,2</sup>	98	53	45



<sup>1</sup> Excluding non-material assets held in other EU jurisdictions.

<sup>2</sup> Excluding assets held for sale.



## BERLIN ASSET COMPLEX DISPOSAL

In 2021, a subsidiary of Vivion has engaged with Aggregate Holdings SA ('Aggregate') in a contract for the sale of a group of Subsidiaries holding an asset complex in the center of Berlin (the "Fürst project") through a share deal. Vivion sold its full 89.9% interest in this asset complex. The consideration for the sale was settled in cash, traded bonds (5.5% 2024 Aggregate holdings SA Bonds) and non-traded bonds (Project Lietzenburger Straße PropCo S.à r.l November 2023 bonds). As a seller protection, Vivion benefited from a waterproof security package over several companies that indirectly hold the Fürst project, additional German real estate assets and included an additional seller protection mechanism.

In March 2022, Vivion disposed of the outstanding position in the non-traded bonds it received as part of the sale, with a book value of EUR 332 million for a total consideration of EUR 321 million to a EUR 4bn third-party well reputable European-based asset manager with expertise in and sizeable exposure to German real estate. The total purchase price was split in to an immediate cash payment of ca. EUR 112 million which has been received by Vivion with the remaining EUR 209 million being deferred to the end of 2022. The interest on the deferred payment is 2% p.a. The deferred payment is secured by a full pledge over the notes sold.

In September 2022, Vivion has entered into a cash free transaction with Aggregate to settle the remaining outstanding position of the traded bonds, with a nominal amount of EUR 220 million (market value of EUR 77 million as at 30 June 2022). The consideration of the settlement was done through the acquisition of two assets of the Quartier Heidestrasse ("QH") project in central Berlin with Net Asset Value of ca. 220 EUR million. As of the date of this report the acquisition of QH Core has been completed, while the closing of QH Spring is subject to certain conditions precedent.

The two assets (QH Core and QH Spring) are part of the Quartier Heidestrasse ("QH") project in a prime

location of Berlin, only ten minutes walking distance from Berlin's famous government district.



The assets comprise ca. 85k sqm of buildable area with a total Gross Asset Value of approx. EUR 456 million. The assets are newly built, income producing and well occupied, and do not require any material capital expenditures

The assets come with an existing senior financing from local German banks with attractive terms. The facility for QH Core is approx. EUR 130 million and bears 1.75% interest with a debt maturity of 8.5 years. The additional secured debt will have marginal effect on Vivion LTV. Proforma to the QH Core completion, the LTV will increase by approximately 1.5 percentage points, from 36% to 37.5%.

Following the completion of QH Spring, Aggregate has settled all outstanding positions with Vivion and Vivion has no further business relationship with Aggregate.

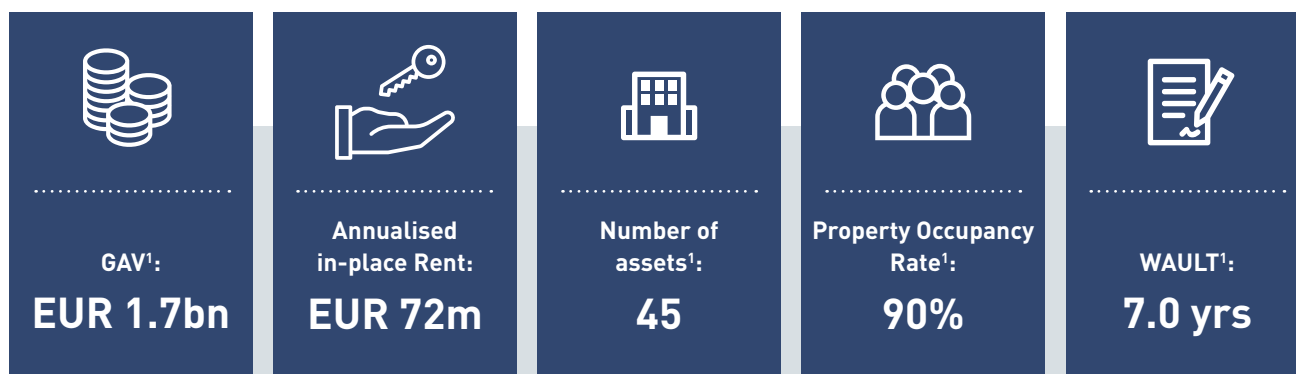
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- ca. EUR 634 million, out of which ca. EUR 422 million in cash received by Vivion and the deferred payment as described above in the amount of ca. EUR 212 million including interest that is due by the end of 2022.
- ca. EUR 220 million Net Asset Value of prime income producing real estate properties (QH Core and QH spring)

The total proceeds represent ca. EUR 250 million above Vivion's original total investment cost (including the Acquisition price and the Capex invested by Vivion) of the Fürst project.



## 3.1. German portfolio



As at 30 June 2022, the German portfolio comprised of 45 properties (excluding 5 assets held for sale), concentrated in or around Tier 1 cities, with 42.2% and 43.6% of the office properties located in the Berlin and Rhein-Ruhr metropolitan areas, respectively. Approx. 80% of the assets are in the office category (percentages according to fair value).

The Property Occupancy Rate stands at approx. 90% as at 30 June 2022. Vivion, supported by the local asset management teams, pursues a number of lease transactions which it expects to crystalize in 2022 that are expected to increase Vivion's Property Occupancy rate even further. Vivion continued to enter into new, mainly double net and inflation linked, long-term lease agreements with new and existing anchor tenants.

During reporting period, Vivion acquired several assets from third parties, located predominantly in Ber-

lin, adding EUR 11 million of Annualized In-Place Rent to the German portfolio. The acquired assets offer substantial opportunity through underused letting potential and conversion possibilities.

After completion of the transaction with Aggregate, Vivion will add a further EUR 450 million of assets. Proforma this transaction, the German portfolio will cover 52% of the total Groups Investment property, in line with Vivion's strategy to increase its portfolio exposure towards Germany.

Vivion maintains a strong acquisition pipeline of predominantly income-producing assets in the German office class. Given the current market situation, Vivion is approaching the market more conservatively, whilst continuing to monitor the markets and source attractive opportunities when they arise.



### GERMAN PORTFOLIO:

#### Continued successful asset management activities

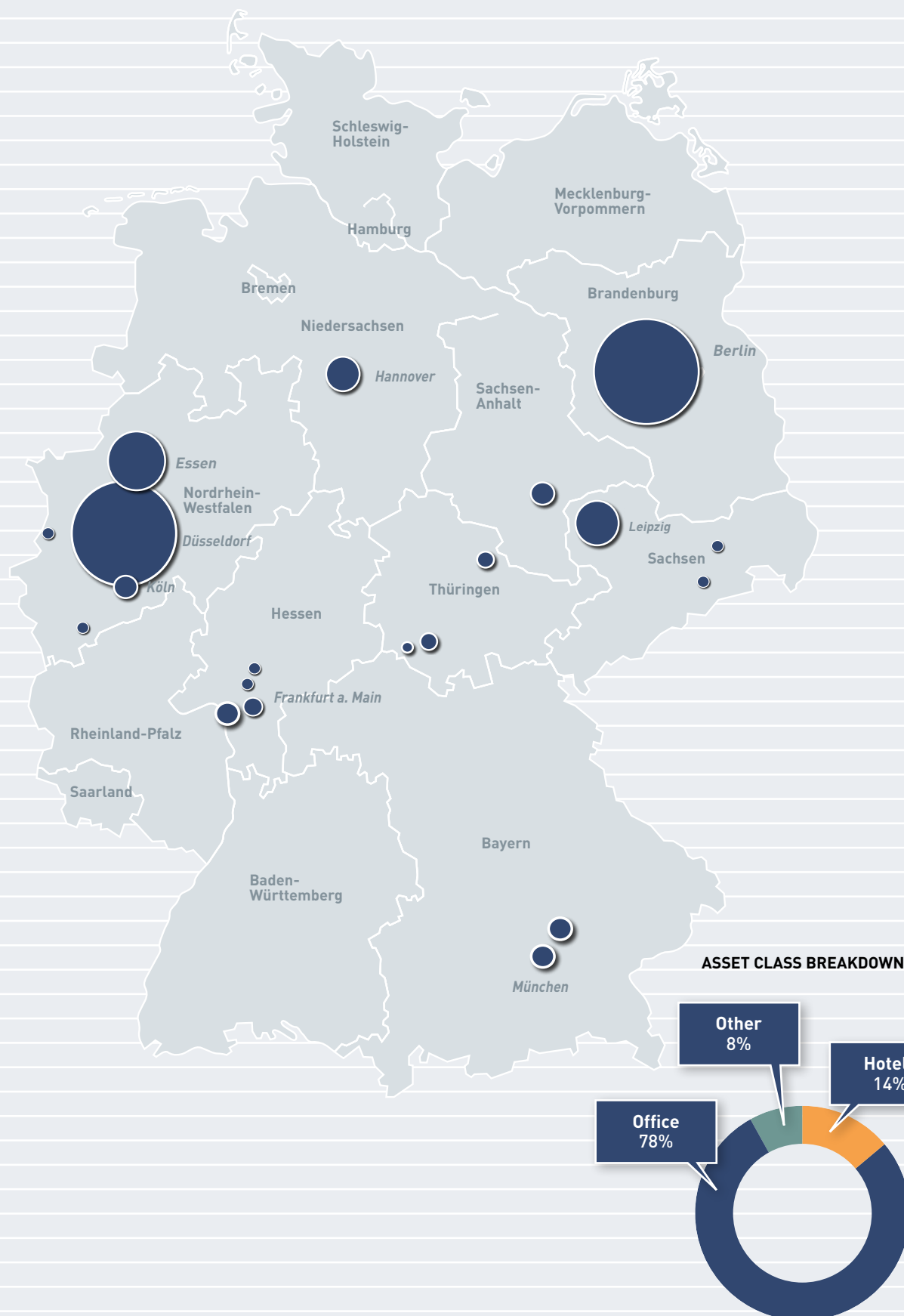
Continued successful asset management activities in the first half of 2022 with around 50 lease contracts, new or extensions. The Group maintains a strong leasing pipeline for H2 2022 as demand remains strong in the top cities in Germany. The signing of new leases and the active leasing pipeline demonstrate the quality of the portfolio and Vivion's asset management capabilities.

In 2020 and 2021, the Group signed new leases and prolongations for its German portfolio for a total of 104,000 sqm, demonstrating strong demand despite the pandemic and assuring stable future cashflows. The signed contracts include new leases and lease prolongations, were made with anchor tenants such as the German government agency Landesvermessung, Landesamt für Geoinformation und Landesvermessung Niedersachsen ('LGLN'), Lidl and more.

<sup>1</sup> Excluding assets held for sale.

## GEOGRAPHIC FOOTPRINT OF GERMAN PORTFOLIO

Based on fair market value, excluding assets held for sale.





## Office class properties

Office properties represent approx. 80% of Vivion's German portfolio.

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, Otto Group and Volvo.

The German economy is experiencing the effects of exogenous shocks, such as the war in Ukraine, high inflation and supply shortages. As a result of these factors, economic activity is impacted negatively. After a strong recovery with growth of 2.8% in 2021, German GDP is expected to grow further by 1.9% in 2022 and 1.7% in 2023. Inflation is estimated at 5.5%, 4.0% and 4.4% for the same period (OECD, June 2022).

Office rental markets are currently proving robust. Despite the sharp increase in geopolitical and economic uncertainties, leasing activity accelerated in the spring. A total of approximately 1.82 million m<sup>2</sup> was let in the first half of the year in the eight locations of Berlin, Düsseldorf, Essen, Frankfurt, Hamburg, Cologne, Leipzig and Munich. This is 34% more than last year's result and the current result is just under 10% above the 5-year average.

### TOP 5 ASSETS, OFFICE CLASS



#### **Völklinger Straße**

**Location:** Düsseldorf

**NLA:** 47.1k sqm



#### **Opernplatz**

**Location:** Essen

**NLA:** 56.3k sqm



#### **Heidestraße**

**Location:** Berlin

**NLA:** 31.6k sqm



#### **Potsdamer Straße**

**Location:** Berlin

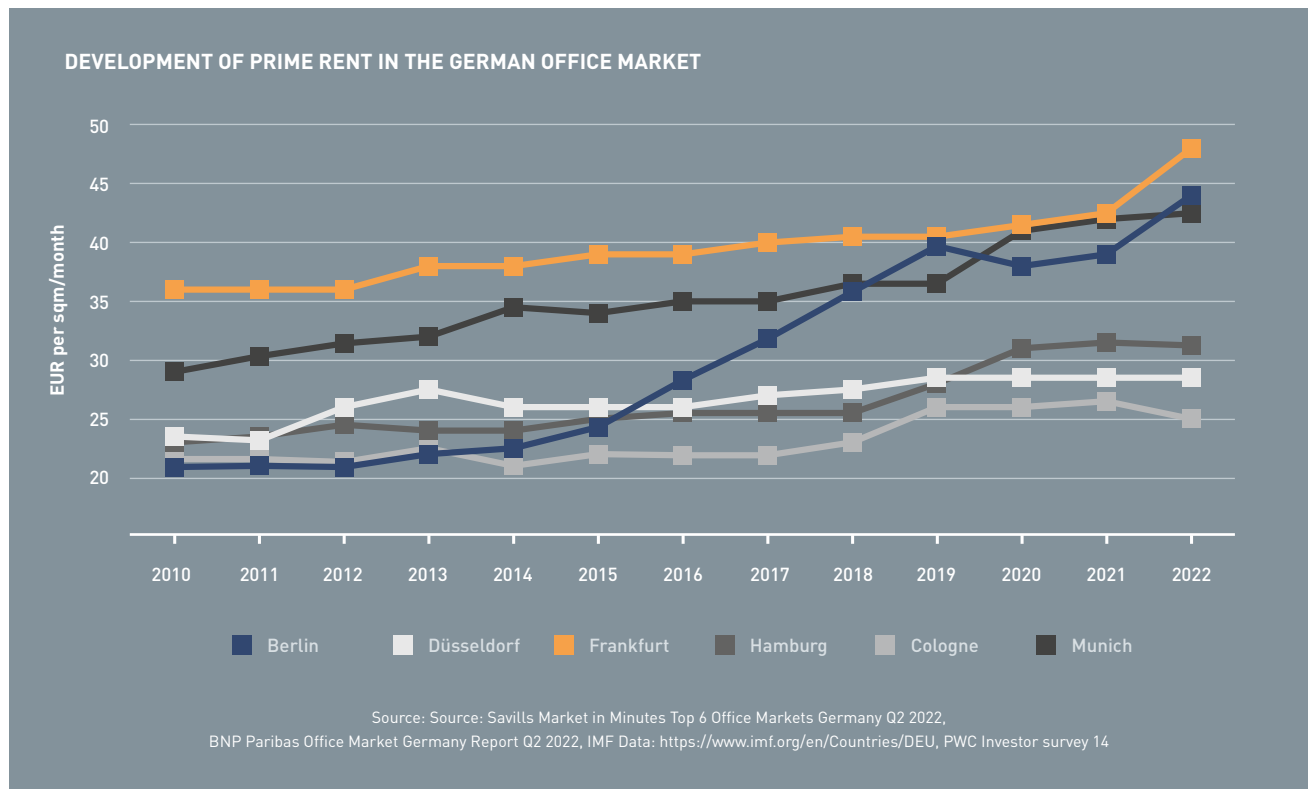
**NLA:** 22.4k sqm



#### **Potsdamer Straße**

**Location:** Berlin

**NLA:** 18.4k sqm



### Portfolio well equipped to face raising inflation rates

Vivion expects that the effect of increasing inflation on the portfolio will be moderate, as Vivion's rental income benefits from indexation:

- >90% of the leases in the German portfolio are either indexed linked (CPI) or have a step-up rent component.
- The in-place lease characteristics provides rental growth along with inflation.
- In addition, the average rent per sqm is relatively low and provide Vivion with flexibility to increase rents to further absorb inflation. Lower rent levels provide tenants the ability to absorb rent increases and increasing utility costs.
- As replacement cost increases and supply rarifies, this may result in existing assets gaining value.
- Increase in building costs limits new supply, strengthening the letting market, which remains very strong in Germany. Increase of market rents and ERV as increasing development costs for new constructions can shorten supply, which in turn can affect positively on Vivion's forecasted cash flow and valuations.
- With regards to the increase of material costs that might have an impact on the costs of Capex projects - as Vivion **does not have any material development exposure or material committed capex projects**, there should only be limited effect to the potential increases in material and development costs. Vivion can execute such capex projects at its own discretion to the extent it makes economic sense and value is added through a new lease.
- **High margins in the operating business** mean inflation can only hit a small cost basis.
- As most leases in Germany are double net most of the operational costs are passed through to tenants, and hence will not materially affect the profitability of the Company.



## 3.2. UK portfolio



Vivion's UK Portfolio is strategically located throughout the UK in key UK cities such as London, Oxford, Cambridge, Birmingham, Manchester and Edinburgh, situated in strategic locations enjoying excellent accessibility and proximity to demand drivers. The hotels are predominantly positioned as mid-market hotels, a segment proven resilient in times of crisis and recessions. The hotels offer a balanced mix of leisure and business from both the UK and abroad. Predominantly all properties benefit from leading, globally recognised branding (Hilton, Holiday Inn, Crowne Plaza and Best Western). The Long-term franchise agreements offer strong customer recognition and robust distribution channels.

The UK hotel portfolio is leased to strong operators and is not directly affected by the hospitality trends (i.e. no operational risk). 100% of the leases in the UK portfolio are indexed linked (RPI) which provides rental growth along with inflation thus should not materially affect Vivion's cash flow forecasts. All hotels are under separate leases. The Hilton portfolio is covering approx. 28% of the UK hotel portfolio.

<sup>1</sup> Excluding assets held for sale

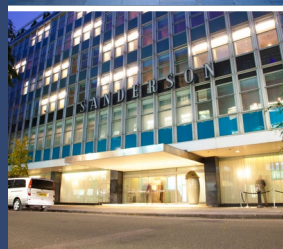
<sup>2</sup> By fair value, excluding assets held for sale and non-branded hotels.

### TOP 5 ASSETS, HOTEL



#### St. Martins Lane

**Location:** Central London  
**Keys:** 204



#### Sanderson Hotel

**Location:** Fitzrovia  
Central London  
**Keys:** 150



#### HI Regent's Park

**Location:** Central London  
**Keys:** 339



#### HI Heathrow M4 Jct4

**Location:** London  
**Keys:** 615



#### CP Manchester Airport

**Location:** Manchester  
**Keys:** 299



## UK HOTEL SECTOR SHOWS STRONG RECOVERY IN FIRST HALF OF 2022

The UK is facing a challenging trading environment, with headwinds such as inflation, staff shortages and wage increases. The additional burden of the spiraling energy costs only added to these operational challenges. Yet the success of the Covid-19 vaccine has meant that consumer sentiment has picked up.

In the hotel sector occupancy levels have recovered at a much quicker rate than anticipated since January and nearing 2019 levels in most markets, and in some of them even outperform 2019 occupancy levels (2022 YTD). Additionally, operators have focused on maintaining high ADRs to absorb some of the increasing cost pressures and to meet the high demand and this has positively impacted RevPAR in both city-centre and regional UK hotel markets. Rate optimisation has provided hotels opportunity to protect their bottom line from these cost pressures. London RevPAR is now exceeding 2019 levels and rates have rising to record levels in June, amid the strongest demand in almost three years.

### UK Portfolio: 2022 portfolio performance

- 88% collection rate for Q1 – Q3 2022 rents. With the remainder being deferred and paid in monthly installments in the first half 2023 to aid a number of hotel tenant in their cash flows.
- 93% of 2020 and 2021 deferred rents have been collected as per the payments schedule agreed with the tenants, the remainder is still being collected on a monthly basis.
- No rent was waived – none of the in place rental guarantees were invoked.

The hotel tenants reported strong operational performance in 2022. In comparison to 2019, in the majority of the hotels, the tenants reported higher ADR that offsets the slightly lower occupancy levels which results in RevPar figures that exceed pre-covid levels.

With tourism on the rise, higher occupancy levels will further drive the hotels strong top line performance. As US and Asian traveler numbers are still far behind 2019 numbers, a significant boost in revenues is expected once these groups start making their way back to the UK.

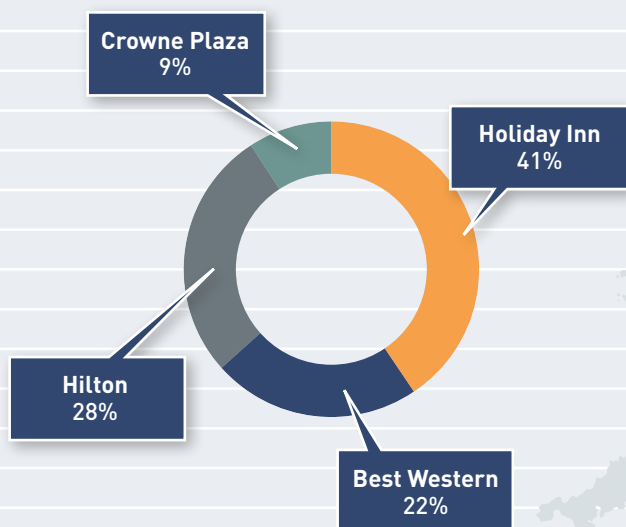
During the pandemic, the tenants began to implement efficiency processes in hotel operations. Today, hotels are mainly operated with fewer staff and at lower cost but with higher ADRs. These conditions have stimulated above expectation recovery. The solid underlying operational performance is reflected in Vivion's rent collection rate of 88% for the first half of 2022.



## GEOGRAPHIC FOOTPRINT OF UK PORTFOLIO



### BRAND DIVERSIFICATION, BASED ON FAIR MARKET VALUE



By fair value, excludes IFRS 16 adjustments,  
assets held for sale and non-branded hotels.

## 4. CAPITAL STRUCTURE

	30 June 2022	31 December 2021
In EUR millions unless stated otherwise		
EPRA NTA	1,985	1,975
Cash	722	803
Net Debt	1,700	1,591
Net LTV	36.0%	35.3%
Secured LTV	1.1%	-2.1%
Unencumbered assets	3,091	3,204

- Conservative capital structure with low LTV ratios.
- Buyback of nominal EUR 66 million of bonds completed in H1 2022.
- Average cost of debt: 3.0%. Average debt maturity 2.7 years (as at 30 June 2022).
- Vivion is progressing to refinance and extend existing debt to prolong its debt maturity profile.

Vivion's prudent capital structure is reflected in a low LTV of 36.0% as at June 2022. Vivion's management considers the conservative debt metrics to be essential to secure long-term financial strength. The low LTV level and high number of unencumbered assets provides Vivion with several (re)financing opportunities while maintaining a conservative capital structure.

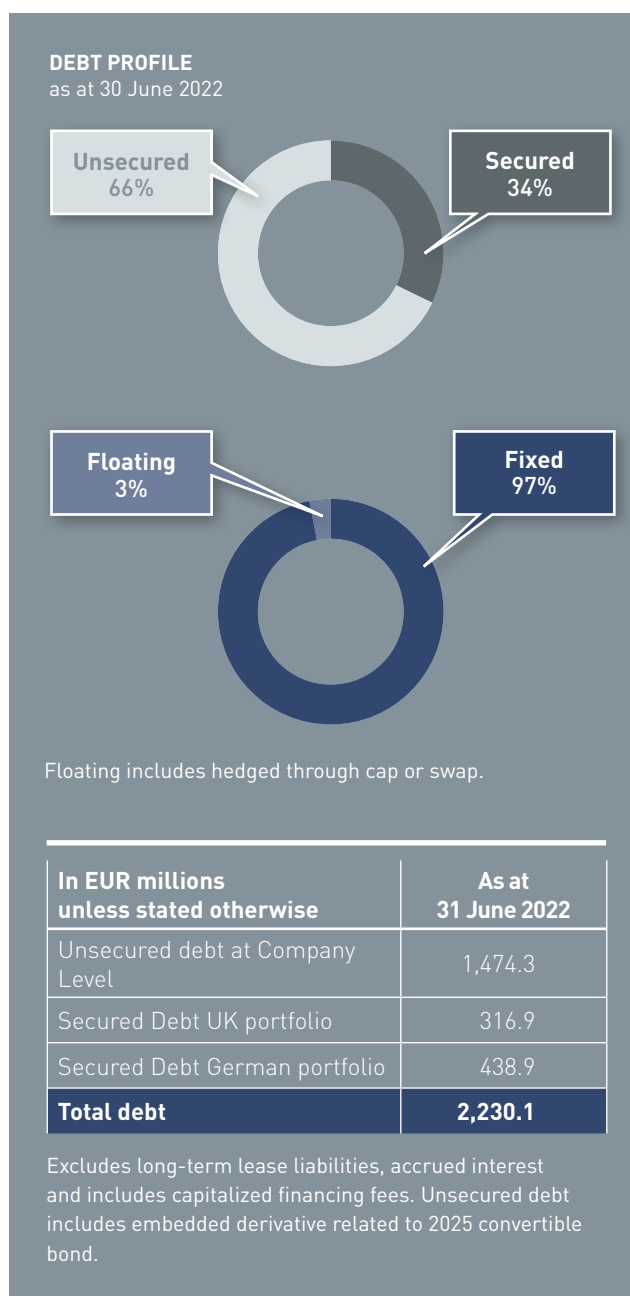
Vivion has a total outstanding secured debt amount of EUR 755.8 million with various banks and unsecured debt for a total of EUR 1.47 billion (EUR 1.65 billion including IFRS 16 effect). The slight increase of Net debt by EUR 109 million is attributed mainly to a lower cash position per June 2022 vs. December 2021, additional EUR 67 million of secured debt that Vivion obtained in the first half of 2022 following an acquisition, offset by the buyback of nominal EUR 66 million of bonds and regular scheduled repayments.

Vivion is in progress of extending its financing facilities to further improve the maturity profile.





## Debt Profile



With regard to Vivion's secured debt in the UK, a waiver is no longer required to comply with the covenants as of the reporting date, whereas in the previous period a waiver for the covenants was needed due to the pandemic and its effect on the hotel operational metrics.

As at 30 June 2022, Vivion is fully compliant with all covenant requirements on all of its loans.

In June 2022, Vivion announced its intention of on-market buy back program of up to EUR 150 million. Vivion completed during H1 2022 in a series of on-market

transactions the partial buyback of the outstanding 3.00% Aug. 2024 bonds and 3.50% Nov. 2025 bonds for a total nominal amount of EUR 66 million and intends to undertake a further buyback of up to a total of EUR 150 million (including the purchased EUR 66 million). The total amount will be subject to prevailing market conditions at the time. With the buyback program, Vivion signals to the market strong confidence in the portfolio and strategy while further reducing its outstanding debt.

As at 30 June 2022, Vivion has EUR 1.47 billion senior unsecured notes outstanding:

- EUR 659.6 million senior unsecured notes due July 2024, priced at a coupon of 3.00%
- EUR 614.7 million senior unsecured notes due November 2025 priced at a coupon of 3.50%.
- EUR 200.0 million senior unsecured pre-IPO convertible bonds due August 2025 priced at a coupon of 2.25%.

Both 2024 Notes and 2025 Notes have been admitted to the Official List of Euronext Dublin and trade on the Global Exchange Market of Euronext Dublin. S&P assigned Vivion a "BB" corporate rating with a stable outlook and a rating of "BB+" to these notes.

### Rising Interest expected to be of limited immediate effect

Substantially all existing debt is hedged or fixed, limiting Vivion's direct exposure to increasing rates. The covenants provide sufficient headroom to withstand a potential decline in the valuation of assets and/or increase in interest expenses.

Vivion has unencumbered assets in the amount of EUR 3.1 billion including EUR 722 million of cash. Vivion expects to increase its cash position by a total of EUR 212 million from the sale of the non-traded bonds deferred payment, which will further strengthen Vivion's liquidity position.

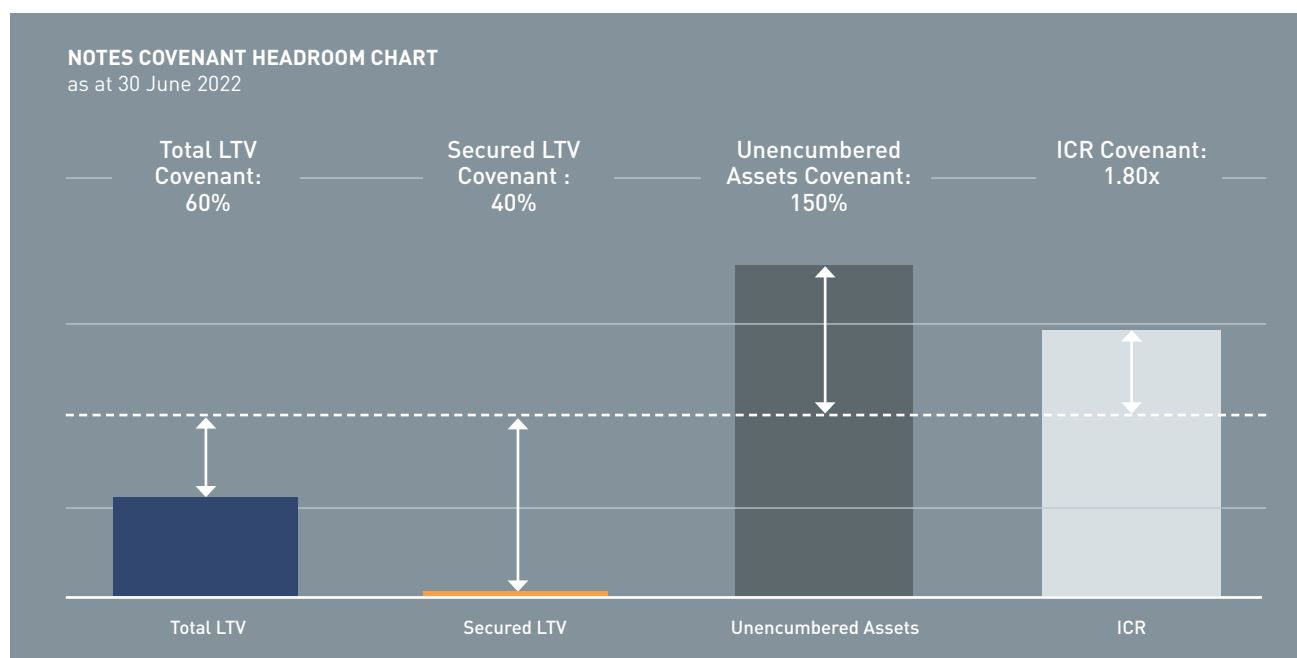
Vivion's liquidity position and high number of unencumbered assets provides various options to repay debt or to refinance existing debt with secured debt while maintaining sufficient headroom in its bond covenants and recovery ratio. Vivion's liquidity position provides a sufficient buffer to address short term debt maturities without the need of new additional debt.

## EPRA NTA

	30 June 2022	31 December 2021
	In EUR millions unless stated otherwise	
Equity attributable to the owners of the Company <sup>1</sup>	1,580	1,574
Deferred tax liabilities	226	242
Real estate transfer tax	179	159
<b>NAV</b>	<b>1,985</b>	<b>1,975</b>

## Notes covenants

Each of the note covenants have been met with significant headroom as at 30 June 2022. Vivion has strict internal policies, with thresholds set at more stringent levels to those stipulated by the covenants (the covenants for the Notes as defined in the terms & conditions):



<sup>1</sup> Defined as equity attributable to shareholders + loans from related parties (incl. accrued interest).



## 5. OUTLOOK

Vivion's conservative financial structure together with the available liquidity and high number of unencumbered assets provides Vivion with the flexibility to pursue its strategy and growth path.

The solid cash position of EUR 722 million with an additional influx of EUR 212 million from the non-traded bond disposal, provides a sufficient buffer to address any short term debt maturities. On top of that, the amount of unencumbered assets of EUR 3.1 billion provide opportunity to refinance the unsecured debt with secured debt without the need of accessing the capital markets.

Vivion pursues its strategy to grow its portfolio by acquiring more assets, mainly in Germany. Given the current market conditions, it shall approach the markets more conservatively, whilst continue to source attractive opportunities when they arise.

The Group is proud to add a strategic long-term in-

vestor to its investor base in these turbulent times. Together with its existing shareholders, Vivion is confident that this investor will further support Vivion in achieving its strategic goals. This investor brings significant capital market and real estate expertise and a distinguished track record. Vivion's governance is further improved by the addition of a new board member, as representative of the new minority investor.

The Company has a 'BB' rating by Standard & Poor's rating service (S&P) and continues to strive to achieve a long-term target rating of Investment grade. The low LTV levels allow to drive further growth, while maintaining a conservative capital structure.

The diversified portfolio with long-term, inflation linked leases provide stable rental income and the conservative financial structure of Vivion will support a potential upgrade in the near future. *(for more information please see S&P's credit rating report dated 15 October 2021).*

## 6. OPERATING AND FINANCIAL REVIEW

### Profit & Loss

	1 January 2022 to 30 June 2022	1 January 2021 to 30 June 2021
	In EUR thousands unless stated otherwise	
<b>Revenue</b>	<b>108,812</b>	<b>96,175</b>
Property revaluations and capital gains (losses)	(13,473)	43,109
Share in loss from investment in equity-accounted investees	(1,079)	(1,080)
Property operating expenses	(10,726)	(9,574)
General and administrative expenses	(7,597)	(9,923)
<b>Operating profit</b>	<b>75,937</b>	<b>118,707</b>
Interest expense on loans and borrowing from third parties, net	(23,878)	(25,179)
Change in short-term financial instruments and derivatives	10,868	-
Other finance expenses	(9,991)	(10,620)
Interest expenses on shareholder and non-controlling interest loans	(31,023)	(32,315)
<b>Profit before tax</b>	<b>21,913</b>	<b>50,593</b>

## Revenues

Revenue composition as per:	H1 2022		H1 2021	
	In EUR thousands unless stated otherwise			
Rental income	98,009	90%	87,579	91%
Service charge income	10,803	10%	8,597	9%
Total revenues	108,812	100%	96,176	100%

Vivions portfolio produced revenues of EUR 108.8 million in H12022 (H1 2021: EUR 96.2m). Rental income increased 12% to EUR 98 million (H1 2021: EUR 87.6 million). The increase was mainly attributed to:

- indexation of in-place leases across German and UK portfolios.
- New rental agreements in the German portfolio and new acquisitions.
- The completion of the hotel operations disposal in H2 2021 and subsequent signing of leases for the 2 London hotels acquired in 2020 contributed positively to the Vivion's revenues in comparison to the first half of 2021.



Bundesallee, Berlin

## Property revaluations and capital gains

There were no material changes in the fair value of the portfolio in the first half of 2022.

## Property operating expenses

Vivion's Operating expenses in H1 2022 EUR 10.7 million (H1 2021: EUR 9.6 million), shows an increase of 12%, mainly as a result of the new acquisitions completed in H1 2022 that also positively contributed to the revenues.

## General & administrative expenses

General & administrative expenses amounted to EUR 7.6 million in H1 2022 compared to EUR 9.9 million in H1 2021, a decrease of 23%, caused mainly from the disposal of the operations of 2 hotels in UK in the second half of 2021 and lower professional fees in the German portfolio.

## Finance Expenses

	1 January 2022 to 30 June 2022	1 January 2021 to 30 June 2021
	In EUR thousands unless stated otherwise	
Interest expense on loans and borrowing from third parties, net	23,878	25,179
Interest expense on shareholder and non-controlling interest loans	31,023	32,315
Other finance expenses	9,991	10,620
Change in short- term financial instruments and derivatives	(10,868)	-
<b>Net finance expenses</b>	<b>54,024</b>	<b>68,114</b>

The Total net interest expense on loans and borrowing from third parties in H1 2022 amounted to EUR 24 million (H1 2021: EUR 25 million). The decrease is mainly due to higher interest income in H1 2022 on the financial assets that were received as part of the Berlin asset complex disposal off-set by the increased interest expenses as a result of the EUR 340 million bond tap of the 2025 Notes in July 2021.

Interest expenses on shareholder loans and on loans from non-controlling interest amount to EUR 31 million (H1 2021: EUR 32.3 million). The Interest expenses on shareholder loans and loans from non-controlling interest are accrued and is only payable on the 10th anniversary year of the loan (see also note 14 of the Reviewed H1 2022 FS).

Net finance expenses decreased in H1 2022 to EUR 54 million (H1 2021: EUR 68.1 million) primarily due to the change in value of short term financial instruments and derivatives received as part of the disposal of the Berlin asset complex.

## Cash Flow

	1 January 2022 to 30 June 2022	1 January 2021 to 30 June 2021
	In EUR thousands unless stated otherwise	
Net cash flow from operating activities	79,194	53,498
Net cash flow from (used in) investing activities	(113,800)	248,904
Net cash flow used in financing activities	(40,582)	(139,919)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(78,188)</b>	<b>162,483</b>





## Net cash flows from operating activities

Vivion generated net cash from operating activities of EUR 76.2 million during the reporting period, an increase of 42.4% compared to the previous period. The increase resulted primarily from higher revenue and lower General and administrative expenses during the period.

## Net cash flow from (used in) investment activities

Net cash used in investment activities amounts to EUR 113.8 million H1 2022 compared to net cash from investing activities of EUR 248.9 million in H1 2021. Vivion invested EUR 183 million in purchasing various subsidiaries and investment properties and EUR 52 million in traded securities as liquidity management, offset by EUR 116 million proceeds from the disposal of non-traded bonds in 2022.

## Net cash flow from (used in) financing activities

Net cash flows used in financing activities were driven mainly from the EUR 62 million buy-back of Vivion's issued Bonds and servicing the existing debt, offset by the EUR 55 million investment into the Company by a long-term investor.

## Liquidity and Capital Resources

Vivion's liquidity requirements mainly arise from the need to fund new acquisitions and refinancing of existing debt. As at 30 June 2022 Vivion has a position of EUR 722 million of cash (excluding restricted cash of EUR 35.7 million and excluding EUR 212 million deferred payment that is due in December 2022). Vivion has unencumbered assets in the amount of EUR 3.1 billion.



## 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 Net Tangible Assets ("**EPRA NTA**") is defined by the European Public Real Estate Association (EPRA) and aims to reflect the tangible value of a company's net assets assuming entities buy and sell assets, crystalizing certain levels of unavoidable deferred tax liabilities. Therefore, EPRA NTA excludes intangible assets and goodwill, and adds back the portion of deferred tax liabilities that is not expected to crystalize as a result of long-term hold strategy. When calculating the EPRA NTA 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-current 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 bearing 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).
- **"Unencumbered Assets Ratio"** is calculated as the amount of Unencumbered assets divided by total assets (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 ("**Net LTV**") assesses the degree to which the total value of the real estate properties are able to cover financial debt. The Net LTV is calculated as a ratio of Net Debt to Total assets less cash and cash equivalents.
- The secured loan to value ratio ("**Secured LTV**") is calculated as a ratio of Net secured indebtedness to Total assets less cash and cash equivalents.
- **"Annualised In Place Rent"** is defined as contracted monthly rents as at 30 June 2022, 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 2022, 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 2022, including signed lease agreements with lease terms beginning in the future and signed letters of intent, excluding properties which are under development.
- 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.

[www.vivion.eu](http://www.vivion.eu)



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





# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as at 30 June 2022



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

CONDENSED  
CONSOLIDATED  
INTERIM FINANCIAL  
STATEMENTS

as at 30 June 2022

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

### ***Introduction***

We have reviewed the accompanying condensed consolidated interim financial statements of Vivion Investments S.à r.l. (the "Company") and its subsidiaries (the "Group") which comprise the condensed consolidated interim statement of financial position as at 30 June 2022, and the condensed consolidated interim statement of profit or loss, the condensed consolidated interim statement of other comprehensive income, the condensed consolidated interim statement of cash flows and the condensed consolidated interim statement of changes in equity for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information (the "condensed consolidated interim financial information"). Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information 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 information consists 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 information as at 30 June 2022 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union.

Luxembourg, 13 September 2022

KPMG Luxembourg  
Société anonyme  
Cabinet de révision agréé

Thomas Gruenwald  
Partner



# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

## Assets

	Note	30 June 2022	31 December 2021
		EUR thousands	
		UNAUDITED	AUDITED
<b>Non-current assets</b>			
Investment property	5	3,633,760	3,587,888
Advance payments for investment property		71,466	80,380
Financial assets	11,12	200,883	-
Loans to and Investment in equity-accounted investees		54,092	49,997
Restricted bank and other deposits		35,748	40,676
Other assets		56,399	57,965
<b>Total non-current assets</b>		<b>4,052,348</b>	<b>3,816,906</b>
<b>Current assets</b>			
Trade and other receivables		60,395	58,924
Financial assets	2A	57,438	571,327
Other short term assets	2A	212,303	3,151
Cash and cash equivalents		722,356	803,317
		<b>1,052,492</b>	<b>1,436,719</b>
Assets of disposal groups classified as held for sale	6	336,035	62,860
<b>Total current assets</b>		<b>1,388,527</b>	<b>1,499,579</b>
<b>Total assets</b>		<b>5,440,875</b>	<b>5,316,485</b>

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

## Equity and liabilities


	Note	30 June 2022	31 December 2021
		EUR thousands	
		UNAUDITED	AUDITED
<b>Equity</b>			
Issued share capital		12	12
Share premium reserve		173,010	154,030
Retained earnings		565,748	570,341
Other reserves		1,073	46,481
<b>Total equity attributable to owners of the Company</b>		<b>739,843</b>	<b>770,864</b>
Non-controlling interests		524,507	484,274
<b>Total equity</b>		<b>1,264,350</b>	<b>1,255,138</b>

### Liabilities

<b>Non-current liabilities</b>			
Bonds	8	1,261,340	1,325,016
Loans and borrowings	7	429,834	691,187
Convertible bond	8	178,968	175,648
Deferred tax liabilities		274,862	281,711
Long-term lease liabilities		29,761	79,363
Liability for sale and leaseback transaction		66,927	64,048
Derivative financial liabilities	11A	30,281	32,452
Tenant deposits		2,280	2,269
Loans from Shareholders		840,132	803,362
Loans from non-controlling interests		577,466	527,168
<b>Total non-current liabilities</b>		<b>3,961,851</b>	<b>3,982,224</b>

<b>Current liabilities</b>			
Trade and other payables		35,509	25,145
Income tax payables		1,215	6,377
Other short-term liabilities		61,634	32,251
Current portion of loans and borrowings		293,594	15,350
		<b>391,952</b>	<b>79,123</b>
Liabilities of disposal groups classified as held for sale	6	92,722	-
<b>Total current liabilities</b>		<b>484,674</b>	<b>79,123</b>
<b>Total liabilities</b>		<b>4,176,525</b>	<b>4,061,347</b>
<b>Total liabilities and equity</b>		<b>5,440,875</b>	<b>5,316,485</b>

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

  
Oliver Wolf, Director

  
Jan Fischer, Director

Date of approval of the condensed consolidated interim financial statements: **13 September 2022**

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS

	Note	For the six months ended 30 June 2022	For the six months ended 30 June 2021
		EUR thousands	
		UNAUDITED	UNAUDITED
<b>Revenues</b>		<b>108,812</b>	<b>96,175</b>
Property revaluations and capital gains (losses)		(13,473)	43,109
Share in loss from investment in equity-accounted investees		(1,079)	(1,080)
Property operating expenses		(10,726)	(9,574)
General and administrative expenses		(7,597)	(9,923)
<b>Operating profit</b>		<b>75,937</b>	<b>118,707</b>
Interest expenses on bank loans and borrowings from third parties, net		(23,878)	(25,179)
Change in short-term financial instruments and derivatives		10,868	-
Other finance expenses		(9,991)	(10,620)
Interest expense on shareholder and non-controlling interest loans		(31,023)	(32,315)
<b>Profit before tax</b>		<b>21,913</b>	<b>50,593</b>
Current tax expense		(9,163)	(6,861)
Deferred tax (expense) income		(3,877)	(40,968)
<b>Profit for the period</b>		<b>8,873</b>	<b>2,764</b>
<b>Attributable to:</b>			
Owners of the Company		(4,593)	(14,400)
Non-controlling interests		13,466	17,164
		<b>8,873</b>	<b>2,764</b>

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 2022	For the six months ended 30 June 2021
		EUR thousands	
		UNAUDITED	UNAUDITED
<b>Profit for the period</b>		<b>8,873</b>	<b>2,764</b>
<b>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</b>			
Foreign currency translation reserve		(12,475)	37,581
Net change in fair value of financial assets at fair value through other comprehensive income	11	(63,924)	-
<b>Total comprehensive income (loss) for the period</b>		<b>(67,526)</b>	<b>40,345</b>

<b>Attributable to</b>			
Owners of the Company		(50,001)	23,181
Non-controlling interests		(17,525)	17,164
		<b>(67,526)</b>	<b>40,345</b>

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



# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Note	For the six months ended 30 June 2022	For the six months ended 30 June 2021
		EUR thousands	
		UNAUDITED	UNAUDITED
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		<b>8,873</b>	<b>2,764</b>
<b>Adjustments to reconcile profit for the period:</b>			
Property revaluations and capital losses (gains)		13,473	(43,109)
Change in short-term financial instruments and derivatives		(10,868)	-
Net finance expense		64,892	68,114
Tax expense		13,040	47,829
Share in loss (profit) from investment in equity-accounted investees		1,079	1,080
Change in trade and other receivables		(5,909)	(13,859)
Change in trade and other payables		5,609	(846)
Taxes paid		(13,995)	(8,475)
<b>Net cash from operating activities</b>		<b>76,194</b>	<b>53,498</b>

<b>Cash flows from investing activities</b>			
Purchase of and CapEx on investment properties		(142,742)	(33,411)
Acquisition of subsidiary, net of cash acquired		(40,320)	-
Disposal of subsidiaries, net of cash disposed		-	185,470
Proceeds from disposals of investment property		4,150	24,750
Advances in respect of investment property		500	75,000
Proceeds from Financial Assets		115,753	-
Change in restricted bank and other deposits		4,929	(404)
Investment in and Loans granted to equity-accounted investees		(3,666)	(2,501)
Investment in traded securities and other financial assets		(52,404)	-
<b>Net cash from (used in) investing activities</b>		<b>(113,800)</b>	<b>248,904</b>

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	Note	For the six months ended 30 June 2022	For the six months ended 30 June 2021
		EUR thousands	
		UNAUDITED	UNAUDITED
<b>Cash flows from financing activities</b>			
Proceeds from sale-and-leaseback of freehold rights		-	59,439
Repayment of loans and borrowings		(14,002)	(76,535)
Proceeds from issuance of shares		18,980	-
Proceeds (repayment) from Shareholders loans		29,224	(109,714)
Interest paid to third parties		(12,747)	(13,109)
Repurchase of own bonds		(62,037)	-
<b>Net cash used in financing activities</b>		<b>(40,582)</b>	<b>(139,919)</b>

<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(78,188)</b>	<b>162,483</b>
Cash and cash equivalents as at the beginning of the period		803,317	257,507
Effect of exchange rate differences on cash and cash equivalents		(2,773)	3,307
<b>Cash and cash equivalents as at the end of the period</b>		<b>722,356</b>	<b>423,297</b>

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





# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company							
	Issued share Capital	Share premium reserve	Financial assets at fair value through other comprehensive income reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	EUR thousands UNAUDITED							
Balance as at 1 January 2022	12	154,030	(11,097)	57,578	570,341	770,864	484,274	1,255,138
Total comprehensive income								
Profit (loss) for the period	-	-	-	-	(4,593)	(4,593)	13,466	8,873
Other comprehensive income (loss)	-	-	(32,933)	(12,475)	-	(45,408)	(30,991)	(76,399)
Total comprehensive loss for the period	-	-	(32,933)	(12,475)	(4,593)	(50,001)	(17,525)	(67,526)
Transactions with owners, recognized directly in equity								
Issue of ordinary shares	*	18,980	-	-	-	18,980	-	18,980
Acquisition of subsidiaries	-	-	-	-	-	-	57,758	57,758
Balance as at 30 June 2022	12	173,010	(44,030)	45,103	565,748	739,843	524,507	1,264,350

\* Less than EUR 500.

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

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	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 UNAUDITED							
Balance as at 1 January 2021	12	154,030	(12,019)	421,786	563,809	500,540	1,064,349
Total comprehensive income							
Profit (loss) for the period	-	-	-	(14,400)	(14,400)	17,164	2,764
Other comprehensive income	-	-	37,581	-	37,581	-	37,581
Total comprehensive income for the period	-	-	37,581	(14,400)	23,181	17,164	40,345
Transactions with owners, recognized directly in equity							
Disposal of subsidiaries	-	-	-	-	-	(50,634)	(50,634)
Sale of shares in subsidiaries to non-controlling interests	-	-	-	-	-	1,289	1,289
Balance as at 30 June 2021	12	154,030	25,562	407,386	586,990	468,359	1,055,349

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



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## ► NOTE 1 – CORPORATE INFORMATION

Vivion Investments S.à r.l., (the “**Company**” or “**Vivion**” and together with its consolidated subsidiaries the “**Group**”) was formed in Luxembourg 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 2022 was EUR 12,297 (31 December 2021: EUR 12,002) divided into 12,297 shares (31 December 2021: 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 (30 June 2022: 95.8%; 31 December 2021: 100%, see Note 2(b)). Vivion is a commercial real estate group, focusing on the ownership, management, improvement and selective acquisition and disposal of properties primarily in Germany and in the United Kingdom (“**UK**”).

As at 30 June 2022 (“**Reporting date**”) the Company indirectly holds 51.5% (31 December 2021: 51.5%) of the share capital of Golden Capital Partners SA (“**Golden**”). Golden’s business activities are focused on the German commercial real estate market with a focus on office properties. As at 30 June 2022 the Group owned 45 properties (31 December 2021: 35 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 2022, LIC 210 indirectly held a portfolio of 52 hotels (31 December 2021: 54 hotels) in the United Kingdom, which were classified as investment property.

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 2022.

Bundesallee, Berlin





## ► NOTE 2 – EVENTS DURING THE REPORTING PERIOD

A. In March 2022, the Group disposed of the outstanding position of non-traded bonds it received as part of the sale of the Berlin asset complex ( i.e. Furst Project), with a book value of EUR 332 million for a total consideration of EUR 321 million to a third-party. The total purchase price was split into an immediate cash payment of ca. EUR 112 million which had been received by the Group and a deferred payment for the remaining amount. The interest on the deferred payment is 2% p.a. The security package for the deferred payment includes a full pledge over the non-traded bonds sold.

B. On 1 June 2022, the Group issued and the parent company sold 4.18% shares and shareholder loans to a long-term investor (the “**Investor**”) for a consideration of EUR 55 million.

As part of the share subscription agreements, the Investor provided shareholder loans of EUR 14.5 million and GBP 18.1 million (EUR 21.1 million) to the Group (the “**Investor’s Loans**”). The Investor’s Loans bear 5.15%-5.50% annual interest rate, payable in the 10th anniversary year. In addition, the Group 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 Group’s share capital value based on external valuation report as of the date of conversion. It was also agreed that the Group at its 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 shareholder loan provided from Vivion Holdings to the Group holds the same terms and conditions as the loans provided by the Investor to the Group.

Any prepayment or conversion of the Investor’s Loans may be executed only on a pro rata basis according to each shareholder stake in the Group.

Loans from shareholders, including the Investor, are unsecured and subordinated to the other Group debt to third parties.

C. During the reporting period the Group performed a buy-back of its own issued unsecured bonds, in a nominal amount of EUR 65.7 million, which resulted in a profit of EUR 1.2 million. For additional information see Note 8(1).



## ► NOTE 3 – BASIS OF PREPARATION

### A. Statement of compliance

These condensed consolidated interim financial statements (the “**Financial Statements**”) as at 30 June 2022 (the “**Reporting 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 consolidated financial statements as at and for the year ended 31 December 2021 (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.

### 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.

### 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 4 – SUMMARY OF 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
<b>Amendments to IFRS 37, Provisions, Contingent Liabilities and Contingent Assets</b>	<p>According to the Amendment, when assessing whether a contract is onerous, the costs of complying with a contract that should be taken into consideration are costs that relate directly to the contract, which include as follows:</p> <ul style="list-style-type: none"> <li>■ Incremental costs; and</li> <li>■ An allocation of other costs that relate directly to complying with a contract (such as depreciation expenses for fixed assets used in fulfilling that contract and other contracts).</li> </ul>	<p>The Amendment is effective retrospectively for annual periods beginning on or after January 1, 2022, in respect of contracts where the entity has not yet fulfilled all its obligations. Early application is permitted. Upon application of the Amendment, the entity will not restate comparative data, but will adjust the opening balance of retained earnings at the date of initial application, by the amount of the cumulative effect of the Amendment.</p>	<p>Application of the Amendment did not have a material effect on the Group's financial statements.</p>
<b>Amendments to IFRS 3, Business Combinations</b>	<p>The Amendment replaces the requirement to recognize liabilities from business combinations in accordance with the conceptual framework, the reason being that the interaction between those instructions and the guidance provided in IAS 37 regarding recognition of liabilities was unclear in certain cases.</p>	<p>The Amendment adds an exception to the principle for recognizing liabilities in IFRS 3. According to the exception, contingent liabilities are to be recognized according to the requirements of IAS 37 and IFRIC 21 and not according to the conceptual framework. The Amendment prevents differences in the timing of recognizing liabilities that could have led to the recognition of gains and losses immediately after the business combination (day 2 gain or loss). The Amendment also clarifies that contingent assets are not to be recognized on the date of the business combination.</p> <p>The Amendment is effective for annual periods beginning on or after January 1, 2022.</p>	<p>Application of the Amendment did not have a material effect on the Group's financial statements.</p>





## B. New standards, amendments to standards and interpretations adopted by the EU, but not yet effective

Standard/ Interpretation/ Amendment	The requirements of the publication	Effective date and transitional provisions	Expected Effects
<b>Amendment to IAS 1, <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current</i></b>	The Amendment replaces certain requirements for classifying liabilities as current or non-current. Thus for example, according to the Amendment, a liability will be classified as non-current when the entity has the right to defer settlement for at least 12 months after the reporting period, and it “has substance” and is in existence at the end of the reporting period, this instead of the requirement that there be an “unconditional” right. According to the Amendment, a right is in existence at the reporting date only if the entity complies with conditions for deferring settlement at that date. Furthermore, the Amendment clarifies that the conversion option of a liability will affect its classification as current or non-current, other than when the conversion option is recognized as equity.	The Amendment is effective for reporting periods beginning on or after January 1, 2024 with earlier application being permitted. The Amendment is applicable retrospectively, including an amendment to comparative data.	The Group is currently assessing the impact the amendments will have on its current accounting policies and whether the Group may wish to re-assess covenants in its existing loan agreements.
<b>Amendment to IAS 12, <i>Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i></b>	The Amendment narrows the scope of the exemption from recognizing deferred taxes as a result of temporary differences created at the initial recognition of assets and/or liabilities, so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset or a deferred tax liability for these temporary differences at the initial recognition of transactions that give rise to equal and offsetting temporary differences, such as lease transactions and provisions for decommissioning and restoration.	The Amendment is effective for annual periods beginning on or after January 1, 2023, by amending the opening balance of the retained earnings or adjusting a different component of equity in the period the Amendment was first adopted.	The Group is examining the effects of the Amendment on the financial statements with no plans for early adoption.

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Standard/ Interpretation/ Amendment	The requirements of the publication	Effective date and transitional provisions	Expected Effects
<b>Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies</b>	<p>The Amendments help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:</p> <ul style="list-style-type: none"> <li>■ requiring companies to disclose their material accounting policies rather than their significant accounting policies;</li> <li>■ clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and</li> <li>■ clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.</li> </ul> <p>The Amendments are consistent with the refined definition of material as issued in October 2018 by the International Accounting Standards Board: "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".</p>	<p>The Amendment is effective for reporting periods beginning on or after January 1, 2023 with earlier application being permitted.</p>	<p>The Group is examining the effects of the Amendments on the financial statements with no plans for early adoption.</p>
<b>Amendments to IAS 8, Definition of Accounting Estimate</b>	<p>The Amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The definition of accounting policies remains unchanged.</p> <p>The Amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both:</p> <ul style="list-style-type: none"> <li>■ selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and</li> <li>■ choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.</li> </ul> <p>The effects of changes in such inputs or measurement techniques are changes in accounting estimates.</p>	<p>The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the period the Amendment was first adopted.</p>	<p>The Group is examining the effects of the Amendment on the financial statements with no plans for early adoption.</p>

## ► NOTE 5 – INVESTMENT PROPERTY

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

	Germany <sup>1</sup>				UK	Totals
	Office	Hotels	Other	Subtotal	Hotels	
	EUR thousands UNAUDITED					
<b>Balance as at 1 January 2022 (incl. held for sale assets)</b>	<b>1,244,095</b>	<b>158,359</b>	<b>85,317</b>	<b>1,487,771</b>	<b>2,162,977</b>	<b>3,650,748</b>
Acquisitions of investment property and investment in capex during the year	123,945	110,254	73,511	<b>307,710</b>	55,377	<b>363,087</b>
Fair value adjustments	4,343	-	-	<b>4,343</b>	(9,401)	<b>(5,058)</b>
Foreign currency revaluation effect	-	-	-	-	(45,530)	<b>(45,530)</b>
Disposal of investment property	-	-	(5,250)	<b>(5,250)</b>	-	<b>(5,250)</b>
Other adjustments	584	1,917	(9)	<b>2,492</b>	9,306	<b>11,798</b>
<b>Total</b>	<b>1,372,967</b>	<b>270,530</b>	<b>153,569</b>	<b>1,797,066</b>	<b>2,172,729</b>	<b>3,969,795</b>
Less: classified as held for sale	(56,809)	-	(6,416)	<b>(63,225)</b>	(272,809)	<b>(336,035)</b>
<b>At 30 June 2022</b>	<b>1,316,158</b>	<b>270,530</b>	<b>147,153</b>	<b>1,733,841</b>	<b>1,899,920</b>	<b>3,633,760</b>

	Germany <sup>1</sup>				UK	Totals
	Office	Hotels	Other	Subtotal	Hotels	
	EUR thousands AUDITED					
<b>Balance as at 1 January 2021 (incl. held for sale assets)</b>	<b>2,071,407</b>	<b>146,959</b>	<b>93,338</b>	<b>2,311,704</b>	<b>1,892,993</b>	<b>4,204,697</b>
Acquisitions of investment property and investment in capex during the year	39,907	434	6,894	<b>47,235</b>	7,494	<b>54,729</b>
Fair value adjustments	81,042	7,258	17,173	<b>105,473</b>	150,737	<b>256,210</b>
Foreign currency revaluation effect	-	-	-	-	143,791	<b>143,791</b>
Disposal of investment property	(951,450)	-	(32,152)	<b>(983,602)</b>	(31,451)	<b>(1,015,053)</b>
Other adjustments	3,189	3,708	64	<b>6,961</b>	(587)	<b>6,374</b>
<b>Total</b>	<b>1,244,095</b>	<b>158,359</b>	<b>85,317</b>	<b>1,487,771</b>	<b>2,162,977</b>	<b>3,650,748</b>
Less: classified as held for sale	(56,600)	-	(6,260)	<b>(62,860)</b>	-	<b>(62,860)</b>
<b>At 31 December 2021</b>	<b>1,187,495</b>	<b>158,359</b>	<b>79,057</b>	<b>1,424,911</b>	<b>2,162,977</b>	<b>3,587,888</b>

<sup>1</sup> The investment property table for Germany contains non-material properties in other EU jurisdictions.



## B. Measurement of fair value

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 Reporting Date.

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 accordingly.

## C. Completed transactions

1. During the reporting period, the Group successfully acquired from third parties through an asset deal a portfolio of six assets, predominantly located in Berlin, with Gross Asset Value of EUR 97.2 million, for a total consideration of EUR 85 million (excluding transaction costs and real estate transfer taxes of EUR 9.6 million). The closing of the transaction occurred in April 2022 and the Group obtained control over all the assets as of this date. Following the completion, the Group holds 89.9% in the property companies that own the aforementioned assets. In addition, the Group acquired a residential property located in Mayfair, London for a consideration of GBP 41 million, including transaction costs and taxes of ca. GBP 6 million (total: EUR 48 million).
2. During the reporting period, the Group successfully carried out a transaction to take over 54% of the issued shares of four German entities holding four properties located in Berlin, with Gross Asset Value of EUR 204.7 million, for a total consideration of approximately EUR 39 million and an acquisition financing of approximately EUR 67 million. The purchase of the entities was treated as purchase of group of assets and liabilities and not as a business combination based on IFRS 3 Business Combinations. Therefore, the total purchase costs were allocated to the assets and liabilities without recognition of goodwill and deferred taxes as follows:

	EUR thousands UNAUDITED
Investment property (including EUR 3.7 million transaction costs)	204,727
Trade and other receivables	3,014
Cash acquired	1,475
Trade and other payables	(4,665)
<b>Total acquired</b>	<b>204,551</b>
Attributable to non-controlling interest equity	(57,758)
Loans from non-controlling interests	(36,702)
Loans and borrowings received	(66,976)
Payables for transaction costs	(2,795)
<b>Paid in cash</b>	<b>40,320</b>

## ► NOTE 6 – ASSETS AND LIABILITIES HELD FOR SALE

The Company expects to sell properties being held by subsidiaries of the Group within the next 12 months. The Group has initiated selling activities and is in negotiations with potential buyers. As at 30 June 2022 the Company classified the investment properties with fair value of EUR 166 million as Assets of disposal groups classified as held for sale and investment properties with fair value of EUR 170 million as Assets held for sale.

	30 June 2022 EUR thousands UNAUDITED
<b>Assets</b>	
Investment property	335,596
Trade and other receivables	439
	<b>336,035</b>
<b>Liabilities</b>	
Loans and borrowings	33,350
Long-term lease liabilities	45,901
Trade and other payables	2,619
Other long-term liabilities	2,346
Deferred tax liabilities	8,506
	<b>92,644</b>



## ► NOTE 7 – LOANS AND BORROWINGS

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, NOI Debt Yield minimum and loan to annual rent ratio. Additionally, following Note 12(2) to the Consolidated Financial Statements as of 31 December 2021, a waiver is no longer required to comply with the covenants in the UK portfolio.

As at 30 June 2022, the Group is fully compliant with all covenant requirements on all loans.

## ► NOTE 8 – SENIOR UNSECURED BONDS

The below overview summarizes the outstanding Senior Unsecured Bonds per the Reporting Date:

Senior Unsecured Bonds	Currency	Nominal amount (in thousands)	Coupon rate (p.a., %)	Issue price (%)	Issuance-maturity	30 June 2022 UNAUDITED	31 December 2021 AUDITED
Bond I	EUR	659,600	3.00%	100.0	08/2019 - 08/2024	651,468	690,555
Bond II	EUR	614,700	3.50%	98.7	10/2019 - 10/2025	609,872	634,461
Convertible Bond (see Note 11)	EUR	200,000	2.25%	100.0	08/2020 - 08/2025	178,968	175,648
<b>Total Senior Unsecured Bonds</b>						<b>1,440,308</b>	<b>1,500,664</b>
<b>Total accrued interest on Senior Unsecured Bonds</b>						<b>36,642</b>	<b>13,677</b>

1. During the reporting period the Group performed a buy-back of its own issued unsecured bonds, in a nominal amount of EUR 65.7 million (EUR 40.4 million from Bond I; EUR 25.3 million from Bond II), which resulted in a profit of EUR 1.2 million.
2. As at 30 June 2022, the Group is fully compliant with all covenant requirements on all Bonds and Convertible bonds.





## ► NOTE 9 – OPERATING SEGMENTS

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 class 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 (78% of the total fair value of the German portfolio as of the Reporting 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 4 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* EUR thousands UNAUDITED	Total Consolidated
<b>For the six months period ended 30 June 2022</b>			
Revenues	72,228	36,584	108,812
Property revaluations and capital gains	(9,432)	(4,041)	(13,473)
Property operating expenses	(907)	(9,819)	(10,726)
General and administrative expenses	(734)	(6,863)	(7,597)
<b>Reportable segment operating profit</b>	<b>61,155</b>	<b>15,861</b>	<b>77,016</b>
Share in loss from investment in equity-accounted investees			(1,079)
Net finance expenses			(54,024)
<b>Profit before tax</b>	<b>61,155</b>	<b>15,861</b>	<b>21,913</b>

\* The operating segments table for Germany contains non-material properties in another EU jurisdiction.

	United Kingdom	Germany* EUR thousands UNAUDITED	Total Consolidated
<b>For the six months period ended 30 June 2021</b>			
Revenues	58,666	37,509	96,175
Property revaluations and capital gains	-	9,116	9,116
Property operating expenses	(746)	(8,828)	(9,574)
General and administrative expenses	(2,074)	(7,849)	(9,923)
<b>Reportable segment operating profit</b>	<b>55,846</b>	<b>29,948</b>	<b>85,794</b>
Share in loss from investment in equity-accounted investees			(1,080)
Profit on disposal			33,993
Net finance expenses			(68,114)
<b>Profit before tax</b>	<b>55,846</b>	<b>29,948</b>	<b>50,593</b>

\* The operating segments table for Germany contains non-material properties in another EU jurisdiction.

## ► NOTE 10 – RELATED PARTIES

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

	30 June 2022 EUR thousands UNAUDITED	31 December 2021 AUDITED
<b>Consolidated statement of financial position</b>		
Receivables from related parties	23,783	20,061
Loans to equity-accounted investee	25,521	21,841
Payables to related parties	(156)	(4,197)
Loans from Shareholders	(804,345)	(803,362)

	For the six months period ended 30 June 2022 EUR thousands UNAUDITED	For the six months period ended 30 June 2021 UNAUDITED
<b>Consolidated statement of profit or loss</b>		
Rental and service charges income	59,874	49,328
Interest income on loans to equity-accounted investee	1,961	929
Services and management fee charges	(2,358)	(1,735)
Interest on loans from Shareholders	(18,658)	(19,332)

The terms and conditions of the related parties loans and services are as mentioned in Note 14 to the Consolidated Financial Statements of the Company as at 31 December 2021. For further information regarding the loans, see Note 2.

## ► NOTE 11 – FINANCIAL INSTRUMENTS

### A. Fair value hierarchy of financial instruments measured at fair value

The table below presents an analysis of financial instruments measured at fair value on the temporal basis using valuation methodology in accordance with hierarchy fair value levels. The various levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical instruments
- Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly
- Level 3: inputs that are not based on observable market data (unobservable inputs).

	30 June 2022				
	Fair value measurement using EUR thousands UNAUDITED				
	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (level 3)
<b>Financial assets and liabilities at fair value</b>					
Financial assets at fair value through profit and loss <sup>2</sup>	57,438	57,438	57,438	-	-
Financial assets at fair value through other comprehensive income	76,650	76,650	76,650	-	-
Derivatives financial instruments <sup>1</sup>	124,233	124,233	-	-	124,233
Derivatives financial liabilities	(30,281)	(30,281)	-	-	(30,281)
<b>Total</b>	<b>228,040</b>	<b>228,040</b>	<b>134,088</b>	<b>-</b>	<b>93,952</b>



Saint Martin's Lane, London



	31 December 2021				
	Fair value measurement using				
	EUR thousands AUDITED				
	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (level 3)
<b>Financial assets and liabilities at fair value</b>					
Financial assets at fair value through profit and loss	24,406	24,406	24,406	-	-
Financial assets at fair value through other comprehensive income	138,600	138,600	138,600	-	-
Derivatives financial instruments	71,451	71,451	-	-	71,451
Derivatives financial liabilities	(32,452)	(32,452)	-	-	(32,452)
<b>Total</b>	<b>202,005</b>	<b>202,005</b>	<b>163,006</b>	<b>-</b>	<b>38,999</b>

<sup>1</sup> The Group holds Derivatives financial instruments of total value of EUR 124.2 million as of 30 June 2022. The Derivatives were received by the Group as part of the Berlin Asset Disposal, as a seller protection (see Note 12). The fair value of these Derivatives which are classified as level 3 were measured by external valuers. The methodology used by the external valuator was based on discounting the cash flows from the underlying assets (i.e. level 1 Financial assets at fair value through other comprehensive income) in accordance with the Discounted Cash Flow (DCF) model.

<sup>2</sup> During the Reporting Period the Group purchased traded securities as part of its liquidity management. The balance of the financial assets measured at fair value through profit or loss as of the reporting date is EUR 57.4 million.

## B. Financial assets and liabilities at amortized cost

The carrying amounts of certain financial assets and liabilities, including cash and cash equivalents, trade receivables, other receivables, restricted bank and other deposits, other financial assets, loans to equity-accounted investees, loans and borrowings, trade payables, other payables are the same or proximate to their fair value.

	30 June 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	EUR thousands UNAUDITED		AUDITED	
Convertible bond	178,968	158,355	175,648	175,002
Senior Unsecured Bonds	1,261,340	1,084,412	1,325,016	1,308,468
<b>Total</b>	<b>1,440,308</b>	<b>1,242,767</b>	<b>1,500,664</b>	<b>1,483,470</b>

## ► NOTE 12 – SUBSEQUENT EVENTS

In September 2022, the Group has entered into a transaction with Aggregate Holdings SA to settle the remaining outstanding position of the traded bonds, with a nominal amount of ca. EUR 220 million (market value of EUR 77 million as at 30 June 2022). The consideration of the settlement was done through acquisition of two assets of the Quartier Heidestrasse ("QH") project in central Berlin. The two assets ("QH Core" and "QH Spring") has total Gross Asset Value of approximately EUR 456 million, and Net Asset Value of ca. EUR 220 million. The assets are newly built, income producing, well occupied and located in a prime location in Berlin. As of the date of this report, the acquisition of QH Core has been completed, while the closing of QH Spring is subject to certain condition precedents.

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