



VON DER HEYDEN GROUP FINANCE plc

INTERIM REPORT

AND

CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

Company registration number: C 77266

Contents	Page
General Information	3
Interim directors' report	4 - 5
Condensed interim statement of financial position	6
Condensed interim statement of comprehensive income	7
Condensed interim statement of changes in equity	8
Condensed interim statement of cash flows	9
Notes to the condensed interim financial statements	10 - 12

GENERAL INFORMATION

Registration

Von der Heyden Group Finance p.l.c. is registered in Malta as a public limited liability company under the Companies Act (Cap. 386, Laws of Malta). The Company's registration number is C 77266.

Board of Directors

Mr. Sven von der Heyden (resigned on 1st August 2020)

Mr. Lino Casapinta (resigned on 1st August 2020)

Mr. Kevin Deguara (resigned on 1st August 2020)

Mr. Antonio Fenech (Appointed on 1st August 2020)

Mr. Jozef Borowski (Appointed on 1st August 2020)

Mr. Joseph Muscat (Appointed on 1st August 2020)

Mr. Robert Hendrik Rottinghuis

Mr. Robert C. Aquilina

Mr. Sven von der Heyden, Mr. Lino Casapinta and Mr. Kevin Deguara term of office as directors ended on the 31st July 2020. Since they did not seek re-appointment, Antonio Fenech, Jozef Borowski and Joseph Muscat were appointed in their stead on the 1st August 2020.

Company Secretary

Mr. Luke Coppini (resigned on 1st January 2020)

Dr. Karen Coppini (appointed on 1st January 2020)

Registered Office

14 East, Level 8
Sliema Road
Gzira, GZR 1639
Malta

Bankers

Lombard Bank Malta p.l.c.
67, Republic Street
Valletta VLT 1117
Malta

Hamburg Commercial Bank AG (formerly HSH Nordbank AG)
Gerhart-Hauptmann-Platz 50
20095 Hamburg
Germany

Auditors

Ernst & Young Malta Limited
Regional Business Centre
Achille Ferris Street
Msida, MSD 1751
Malta

INTERIM DIRECTORS' REPORT

The directors of the Company hereby present the unaudited interim report and the condensed interim financial statements for the six months period ended 30 June 2020.

Principal Activity

The Company has been set up and established to act as a finance company through which the Von der Heyden Group, which principally specialises in the business of developing high quality office buildings and other property developments, as well as owning and managing hotel and residential properties in several European countries including Malta, will continue to finance its future projects.

Principal Risks and Uncertainties

The Company is mainly dependent on the business prospects of the Von der Heyden Group, and consequently, the operating results of the Group have a direct effect on the Company's financial position and performance, including the ability of the Company to meet its payment obligations under the issued bonds.

The Company's assets consist principally of the loans advanced to the related companies and the accrued interest thereon. Therefore, the ability of these companies to affect payments to the Company under such loans will depend on their respective cash flows and earnings.

Review of the business

The Company, as issuer of the bonds, does not have any substantial assets apart from the loans receivable from related companies and is essentially a special purpose vehicle set up to act as a financing company. The Company therefore serves as a vehicle through which the Von der Heyden Group will continue to finance both its current operations as well as investment in future projects as arising in the market. The Company operates exclusively in and from Malta.

As at 30 June 2020, the Company had an amount of €18,884,750 receivable from the various related companies making up the Von der Heyden Group. The loans provided to the various related companies have been made in accordance with the parameters as set in the Company's Prospectus dated 30 January 2017. During the first six months of the year €4,179,000 of loans outstanding as at 31 December 2019 were repaid. A number of loan disbursements are planned to be made before the end of the year from the €7,112,723 cash available as at 30 June 2019. The Company is providing for a positive net interest income for financial year 2020.

The current ongoing COVID-19 environment, has had limited impact on the financial performance for the first half of the current financial year, as the Company continues to generate interest income from its lending activities. During the period under review, the credit risk of borrowers and other debtors was maintained under constant assessment.

Management believes that, despite COVID-19 impact on the Group's performance especially that related to hospitality sector, the Company and the Group are in a strong position and have sufficient capital and liquidity to service their operating activities and debt servicing obligations. Factors contributing to the Company's and Group's overall strong position are :

- The substantial inflow during the period of interest income receivable from the Company's borrowers, that was due as at 31 December 2019, and

INTERIM DIRECTORS' REPORT - continued

- The strong cash position of € 7,237,359 as at 30 June 2020 resulting from loan principal repayments from the Company's borrowers and other anticipated inflows in the second half of the year, and
- The close monitoring of Group operations and the various cost reductions initiatives undertaken by the operating companies within the Group to limit the negative cash flow arising as a result of the curtailment of economic activity as a consequence of the extensive lock down pursuant to the COVID-19 pandemic, and
- The strong projected cash flow position of the Group's as at 31 December 2020 arising primarily on the receipt of proceeds from the disposal of the Blue Tower forming part of the Bavaria Towers project in Munich, Germany and other loan repayments.

Related party transactions

During the first six months of the year, there have been no material related party transactions which have not been concluded under normal market conditions.

Statement Pursuant to Listing Rule 5.75.3 Issued by the Listing Authority

To the best of our knowledge and that of the management of the Company, the condensed interim financial statements give a true and fair view of the financial position of the company as at 30 June 2020, and of its financial performance and cash flows for the six months period then ended, in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34).

Furthermore, the Interim Directors' Report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

The half-yearly interim financial report has not been audited or reviewed.

Events after the reporting period

The Group has entered into a promise of sale agreement in relation to one of its properties that will positively impact the cash flow of the company as it will be due the full repayment of the loan and interest by year end.

Signed on behalf of the Board of Directors by:



Antonio Fenech
Director



Robert Hendrik Rottinghuis
Director


28th August 2020

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	30 Jun 2020 €	31 Dec 2019 €
ASSETS			
Non-Current assets			
Loans receivable	3	17,269,495	19,048,495
Current assets			
Loans and other receivables		1,037,941	4,487,487
Cash and cash equivalents		7,237,358	2,554,969
		8,275,299	7,042,456
TOTAL ASSETS		25,544,794	26,090,951
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		250,000	250,000
Retained earnings		72,587	19,517
Total Equity		322,587	269,517
Non-Current liabilities			
Deferred taxation		9,035	9,035
Borrowings	4	24,854,295	24,833,479
		24,863,330	24,842,514
Current liabilities			
Trade and other payables		358,877	978,920
TOTAL LIABILITIES		25,222,207	25,821,434
TOTAL EQUITY AND LIABILITIES		25,544,794	26,090,951

The notes on pages 10 to 12 are integral part of these interim financial statements.

The financial statements on pages 6 to 12 have been authorized for issue by the Board of Directors on 28th August 2020 and were signed on its behalf by:



Antonio Fenech
Director



Robert Hendrik Rottinghuis
Director

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME**

	Note	6 months to 30 Jun 2020 €	6 months to 30 Jun 2019 €
Finance income		707,843	839,700
Finance costs		(566,294)	(570,816)
Net interest earned		141,549	268,884
Administration expenses		(127,712)	(128,642)
Profit before tax		13,837	140,242
Taxation	6	39,233	-
Profit for the financial period		53,070	140,242
Other comprehensive income for the financial period		-	-
Total comprehensive income for the financial period		53,070	140,242
Earnings per share		0.21	0.56

The notes on pages 10 to 12 are integral part of these financial statements.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share Capital €	Retained Earnings €	Total Equity €
<i>Financial period ended 30 June 2019</i>			
Balance as at 1 January 2019	250,000	(171,466)	78,534
Total comprehensive income for the period			
<i>Profit for the financial period</i>	-	140,242	140,242
Balance as at 30 June 2019	<u>250,000</u>	<u>(31,224)</u>	<u>218,776</u>
 <i>Financial period ended 30 June 2020</i>			
Balance as at 1 January 2020	250,000	19,517	269,517
Total comprehensive income for the period			
<i>Profit for the financial period</i>	-	53,070	53,070
Balance as at 30 June 2020	<u>250,000</u>	<u>72,587</u>	<u>322,587</u>

CONDENSED INTERIM STATEMENT OF CASH FLOWS

	6 months to 30 Jun 2020 €	6 months to 30 Jun 2019 €
Cash flow from operating activities		
Profit before tax	13,837	140,242
Adjustments for:		
Interest income	(707,843)	(1,547,404)
Interest on bonds payable	545,479	550,000
Amortisation of bond issue costs	20,815	20,815
Loss from operations	(127,712)	(836,347)
(Increase) / Decrease in loans and other receivables	(13,333)	1,244,971
Decrease in trade and other payables	(31,935)	(468,312)
Net cash flows used in operating activities	(172,980)	(59,688)
Cash flows from investing activities		
Loan repayments from related parties	4,179,000	1,000,000
Interest received	1,770,723	728,729
Net cash flows from investing activities	5,949,723	1,728,729
Cash flows from investing activities		
Interest paid	(1,094,354)	(1,100,000)
Net cash flows used in investing activities	(1,094,354)	(1,100,000)
Net movement in cash and cash equivalents	4,682,389	569,041
Cash and cash equivalents at beginning of period	2,554,969	1,402,389
Cash and cash equivalents at end of period	7,237,358	1,971,430

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. Summary of significant accounting policies

This report is being published pursuant to the terms of Chapter 5 of the Listing Rules and the Prevention of Financial Markets Abuse Act 2005.

The financial information being published has been extracted from the Von der Heyden Group Finance p.l.c. unaudited interim financial statements for the six months ended 30 June 2020, prepared in accordance with accounting standards adopted for use in the European Union for reported interim financial information (IAS 34 - Interim Financial Reporting). In terms of Listing Rule 5.75.5, this interim report has not been audited by the company's independent auditors.

2. Significant accounting judgments, estimates and assumptions

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2019.

3. Loans Receivable

	30 Jun 2020 €	31 Dec 2019 €
Timan Investments Espana S.L	5,000,000	6,025,000
Von der Heyden Group Holdings S.A.R.L	4,000,000	4,750,000
First Polish Real Estate B.V.	2,700,000	2,700,000
Timan Investments Holdings Limited	993,750	993,750
Kasa Investments GmbH	1,425,000	1,425,000
IBB Hotel Management Europe Limited	525,000	525,000
IBB Hotel Deuthschland Betriebs GmbH	410,000	410,000
IBB Hammetts Operations Limited	396,000	400,000
Lublin Grand Hotel Sp. Z o.o	500,000	500,000
IBB Blue Hotel Betriebs GmbH	240,000	240,000
Urbelia Business S.L.	450,000	450,000
Senglea Hotel Operations Limited	225,000	225,000
IBB Espana 2004 S.L.	180,000	180,000
Nowy Swiat 5 Sp. Z o.o.	224,745	224,745
	17,269,495	19,048,495

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - continued

4. Borrowings

	30 Jun 2020 €	31 Dec 2019 €
Non-current		
4.4% Bonds redeemable on 8 March 2024	<u>24,854,295</u>	<u>24,833,479</u>

During 2017 the Company issued an aggregate principal amount of €25 million bonds (2017-2024), having a nominal value of €1,000 each, bearing interest at the rate of 4.4% per annum. The bonds are unsecured pursuant and subject to the terms and conditions in the prospectus dated 30 January 2017. The quoted market price as at 30 June 2020 for the 4.4% Bonds 2017 - 2024 was 102.90 (2019: 100.25).

The parent company, Timan Investments Holdings Limited, has provided a corporate guarantee in favour of the bondholders to effect the due and punctual performance of all payment obligations undertaken by Von der Heyden Group Finance p.l.c. under the bonds if the Company fails to do so.

The carrying amount of the bonds is net of direct issue costs which are being amortised over the life of the bonds.

	30 Jun 2020 €	31 Dec 2019 €
Proceeds	<u>25,000,000</u>	<u>25,000,000</u>
Less:		
Issue costs	283,535	283,535
Accumulated amortisation	<u>(137,830)</u>	<u>(117,014)</u>
	<u>145,705</u>	<u>166,521</u>
	<u>24,854,295</u>	<u>24,833,479</u>

5. Contingent Liability

The Company has a contingent liability in favour of a group undertaking of €120,000. The pledge shall expire on 31 December 2021.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - continued

6. Taxation

The tax charge for the period is analysed as follows:

	6 months to 30 Jun 2020 €	6 months to 30 Jun 2019 €
Changes in estimates related to prior years	39,233	-

The parent company, Timan Investments Holdings Limited, applied the group relief provisions and surrendered unabsorbed trading losses to the Company, setting off the taxable chargeable income of the Company for the year ended 31 December 2019. This resulted in a tax credit for the current period of €39,233.

As at the year end, the parent company, Timan Investments Holdings Limited, and the Company, are expected to continue satisfying the criteria for group relief.