

Rothschild & Co Continuation Finance B.V.
Amsterdam, the Netherlands

Unaudited financial statements for the six months ended 30 June 2020

Rothschild & Co Continuation Finance B.V.

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Rothschild & Co Continuation Finance B.V.

Director's report

The director takes pleasure in submitting herewith the report and unaudited financial statements of Rothschild & Co Continuation Finance B.V. ("the Company") for the six months ended 30 June 2020. The financial statements have been prepared in accordance with generally accepted accounting standards in the Netherlands and applicable Dutch Law.

Overview of activities

The Company's purpose is to act as finance company for the Rothschild & Co Group. It has issued a number of years ago two tranches of Floating Rate Notes of which one tranche in the amount of USD 45,000,000 was repaid in January 2015. The outstanding amount of Floating Rate Notes amounts to USD 200,000,000. The proceeds of the notes issue have been lent to companies in the Rothschild & Co Group. The Company has not developed any additional finance activities during the six months ended 30 June 2020.

Result for the period

The result of the Company during the period under review developed in accordance with expectations.

Financial instruments

The Company's loan assets and loan liabilities are denominated in the same currency. The interest rates are related meaning that a fixed positive margin applies. Interest payment dates are the same for both asset and liability loans. Therefore the need for financial instruments to cover currency or interest rate exposures does not exist. Hence the Company is not engaged in any financial instruments covering such risks.

Risk management

All funds raised have been onlent to group companies in the same currency and on the basis of a fixed interest margin. The Company's obligations under the Floating Rate Note programme are guaranteed on a subordinated basis by Rothschild & Co Continuation Limited.

Audit committee

The audit committee function for the Company has been assumed by the audit committee of Rothschild & Co S.C.A., a French company listed on the Paris stock exchange. The Company is an entity controlled by Rothschild & Co S.C.A. The Rothschild & Co S.C.A. audit committee meets at least four times a year. It considers the Company's accounts on one of those four occasions. Members of the Rothschild & Co S.C.A. audit committee are:

- Mr Peter Smith, Chairman
- Mr Sipko Schat
- Mrs Suet-Fern Lee
- Ms Arielle Malard de Rothschild

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Director's report - continued

Future outlook

A significant change in activities during the remainder of the financial year 2020 is not expected. The spreading of the Covid-19 virus may have a longer than previously expected impact on the economy and therefore potentially on the value and the performance of the Company. However, at this stage and given the very high uncertainty surrounding the disease, the possible impact on the reported financial statements cannot be reliably estimated.

Statement as required under Article 5:25d paragraph 2-c of the Financial Markets Supervision Act

The financial statements provide to the best of my knowledge a true and fair view of the Company's assets and liabilities, financial position, result for the year and give a fair view of the activities and developments of the business during the six months ended 30 June 2020. Material risks, if any, are properly disclosed.

Zaandam, 28 September 2020

M. de Boer

Rothschild & Co Continuation Finance B.V.

Balance sheet as at 30 June 2020 - unaudited

Comparative figures as at 31 December 2019

(Before appropriation of results and expressed in Euros)

		Unaudited 30 June 2020	31 December 2019
Financial Fixed Assets			
Loans to group companies	3	<u>177,758,000</u>	<u>178,348,000</u>
Current Assets			
Interest receivable		660,112	1,151,831
Prepayments and accrued income	4	50,462	81,021
Corporate income tax	5	18,132	(187)
Cash at bank	6	<u>1,585,514</u>	<u>1,470,559</u>
		<u>2,314,220</u>	<u>2,703,224</u>
Current Liabilities			
Interest payable		602,711	1,094,239
Accrued expenses and deferred income		<u>28,477</u>	<u>21,129</u>
		631,187	1,115,368
Current Assets less Current Liabilities		<u>1,683,033</u>	<u>1,587,856</u>
Total Assets less Current Liabilities		<u>179,441,033</u>	<u>179,935,856</u>
Long Term Liabilities - due after one year			
Floating Rate Notes	7	<u>177,758,000</u>	<u>178,348,000</u>
Total Assets less Total Liabilities		<u><u>1,683,033</u></u>	<u><u>1,587,856</u></u>
Shareholders' Equity			
Share capital	8	18,172	18,172
Other reserves		1,569,684	1,387,731
Unappropriated results		<u>95,178</u>	<u>181,953</u>
		<u><u>1,683,033</u></u>	<u><u>1,587,856</u></u>

The accompanying notes on page 8 - 13 form an integral part of these financial statements

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Profit and loss account for the six months ended 30 June 2020 - unaudited

Comparative figures for the year ended 31 December 2019

(Before appropriation of results and expressed in Euros)

	Unaudited 30 June 2020	31 December 2019
Financial Income and Expenses		
Interest Income	1,787,740	5,263,113
Interest Expense	<u>(1,673,642)</u>	<u>(5,036,509)</u>
Net Interest Income	<u>114,098</u>	<u>226,604</u>
Other net interest income	-	-
Currency Exchange Results	<u>-</u>	<u>-</u>
Total Financial Income and Expenses	<u>114,098</u>	<u>226,604</u>
Profit before Taxation	114,098	226,604
Corporate Income tax	5 (18,921)	(44,651)
Profit after Taxation	<u><u>95,178</u></u>	<u><u>181,953</u></u>

The accompanying notes on page 8 - 13 form an integral part of these financial statements

Rothschild & Co Continuation Finance B.V.

Cash flow statement for the six months ended 30 June 2020 - unaudited

Comparative figures for the year ended 31 December 2019

The cash flow statement has been prepared in accordance with the indirect method.

	Unaudited 30 June 2020	31 December 2019
Net result	95,177	181,953
<u>Adjusted for changes in:</u>		
- Prepayments and accrued income	30,558	26,595
- Accrued expenses and deferred income	7,348	(5,893)
	37,906	20,702
Cash flow from business operations		
- Interest received	2,280,420	5,495,496
- Interest paid	(2,165,171)	(5,268,808)
- Corporate income tax paid	(38,200)	(41,618)
	77,050	185,070
Cash flow from operating activities	114,955	205,772
<u>Movement cash balances during year:</u>		
Cash balances at beginning of year	1,470,559	1,264,787
Total cash flow for the year	114,955	205,772
Cash balances at end of year	1,585,514	1,470,559

Rothschild & Co Continuation Finance B.V.

Notes to the unaudited financial statements for the six months ended 30 June 2020

1. General

Rothschild & Co Continuation Finance B.V. ("the Company") was incorporated as private company with limited liability on 15 March 1983. The Company has its statutory seat in Amsterdam. The shareholders of the Company are Rothschild & Co Continuation Finance Holdings Limited, United Kingdom and K Développement S.A., France.

The principal activity of the Company is to act as a finance company.

2. Basis of presentation and principal accounting principles

The accompanying accounts have been prepared in accordance with accounting principles generally accepted in The Netherlands and in accordance with the provisions contained in Title 9, Book 2 of the Dutch Civil Code, the most significant of which are:

(a) **General**

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets.

A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the profit and loss account, taking into account any provisions related to the transaction.

If assets are recognised of which the Company does not have the legal ownership, this fact is being disclosed.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises of which the size can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises of which the size can be measured with sufficient reliability.

Revenues and expenses are allocated to the respective period to which they relate. Revenues are recognised when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer.

(b) **Financial instruments**

Financial instruments include investments in shares and bonds, other receivables, cash items, loans and other financing commitments, derivative financial instruments and other amounts payable. These financial statements contain the following financial instruments: financial instruments held for trading (financial assets and liabilities), loans and receivables (both purchased and issued), equity instruments, other financial liabilities and derivatives.

2. Basis of presentation and principal accounting principles - continued

(b) Financial instruments - continued

Financial and non-financial contracts may contain terms and conditions that meet the definition of derivative financial instruments. Such an agreement is separated from the host contract if its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms and conditions as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value with changes in fair value recognised in the profit and loss account.

- Loans granted and other receivables

Loans granted and other receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses. The effective interest and impairment losses, if any, are directly recognised in the profit and loss account.

- Impairment of financial instruments

The financial fixed assets are assessed at each reporting date as to whether there is any indication of an impairment. If any such indication exists, the recoverable amount of the relevant asset is estimated. The recoverable amount is the higher of value in use and net realisable value. When the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount. Subsequently, at each reporting date, the Company assesses whether there is any indication that an impairment loss that was recorded previously has decreased. If any such indication exists, then the recoverable amount of the relevant asset is estimated. Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised previously for the relevant asset.

- Offsetting financial instruments

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability and the Company has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously.

If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.

(c) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Euro's at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Euro's at exchange rate in effect on the date of the transactions. The resulting currency exchange differences are recognised in the profit and loss account.

(d) Assets and liabilities

Assets and liabilities are shown at face value unless otherwise stated.

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Notes to the unaudited financial statements for the six months ended 30 June 2020

2. Basis of presentation and principal accounting principles - continued

- (e) **Recognition of income**
Income and expenses including taxation are recognised and reported on an accruals basis.
- (f) **Corporate income tax**
Corporate income tax is provided for in accordance with the tax ruling conditions previously published by the Dutch Tax Authorities. To comply with these conditions the Company is required to report a minimum amount of taxable income based on the amounts of the outstanding loans. The Company recharges all general and administrative expenses to one of its shareholders to meet this requirement.
- (g) **Going Concern**
The financial statements of the Company have been prepared on the basis of the going concern assumption.
- (h) **Cash Flow Statement**
The cash flow statement has been prepared in accordance with the indirect method.

3. Loans to group companies

The Company has provided loans denominated in USD to two entities of the Rothschild & Co Group. The loans are unsecured. They carry interest at 1/8% above the interest rate applying to the corresponding Floating Rate Notes (see note 7). The interest rates are reset biannually. The loans are repayable on dates corresponding to the repayment dates of the Floating Rate Notes. Credit risk arising from the exposure to the group companies has been considered by the Company in accordance with Dutch GAAP RJ 290. There are no indications of impairment and the fair value of the loans to group companies is not expected to deviate significantly from the fair value of the Floating Rate Notes issued by the Company, as set out in note 7.

Details are as follows:

<u>Group Company</u>	<u>Maturity</u>		<u>Principal</u>
Rothschild & Co Continuation Holdings AG	undated	USD	100,000,000
NM Rothschild & Sons Ltd.	undated	USD	100,000,000
		Unaudited	
Movements during the year comprise of:		30 June 2020	31 December 2019
		EUR	EUR
Balance long term receivables at beginning of the period/year		178,348,000	174,848,000
Exchange differences during the year		(590,000)	3,500,000
Balance long term receivables at end of the period/year		177,758,000	178,348,000

4. Prepayments and accrued income

The Company recharges all general and administrative expenses to a group company. The amount recharged includes audit fees in the amount of EUR 16,280 (31 December 2019: EUR 16,280).

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Notes to the unaudited financial statements for the six months ended 30 June 2020

4. Prepayments and accrued income - continued

At the date of the balance sheet prepayments and accrued income comprise of:

	Unaudited 30 June 2020 EUR	31 December 2019 EUR
Recharged expenses to Group company	47,789	75,069
Receivable VAT	2,673	5,819
Other	-	133
Balance at end of year	<u>50,462</u>	<u>81,021</u>

5. Corporate income tax

The Company reports taxable income in accordance with previous ruling policy involving a minimum amount of taxable interest income. To comply with this policy the Company recharges all its general and administrative expenses to a group company. During the year the Company received a provisional tax assessment in relation to the current financial year. The assessment has been paid in full. Corporate income tax is due at the statutory rate of 19%, any taxable income in excess of EUR 200,000 is subject to corporate income tax at the rate of 25%.

6. Cash at bank

An amount of EUR 359 of cash at bank is denominated in US dollars (year ended 31 December 2019: EUR 359). All other balances are denominated in Euro's. At period end the Company had not invested an amount in an interest bearing account (year ended 31 December 2019: nil). All balances are available on demand.

7. Floating rate notes

The Company has in issue USD denominated Floating Rate Notes. The Floating Rate Notes carry interest at six month Libor for USD deposits plus 1/4%. The notes are unconditionally guaranteed by Rothschild & Co Continuation Limited on a subordinated basis. The notes amount to USD 200,000,000 and do not have a fixed repayment date. The Company may on any interest payment date redeem some or all of the USD 200,000,000 Floating Rate Notes provided it has given not more than 45 days' nor less than 30 days' notice to the Noteholders. The notes are listed on the Luxembourg Stock Exchange.

Details are as follows:

<u>Maturity</u>		<u>Principal</u>
Undated	USD	200,000,000

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Notes to the unaudited financial statements for the six months ended 30 June 2020

7. Floating rate notes - continued

Movements during the period/year comprise of:	Unaudited 30 June 2020 EUR	31 December 2019 EUR
Balance of long term Notes at beginning of the period/year	178,348,000	174,848,000
Exchange differences during the year	(590,000)	3,500,000
Balance of long term Notes at end of the period/year	177,758,000	178,348,000

8. Shareholders' equity

The issued share capital amounts to Euro 18,172 consisting of 2,200 shares of Euro 8.26 each at 30 June 2020 and 31 December 2019.

8. Shareholders' equity - continued

Details of shareholders' equity are as follows:

	Unaudited 30 June 2020 EUR	31 December 2019 EUR
Share capital at beginning and end of the period/year	18,172	18,172
Other reserves earnings at beginning of the period/year	1,387,731	1,216,175
Transfer from unappropriated results	181,953	171,556
Other reserves earnings at end of the period/year	1,569,684	1,387,731
Unappropriated results at beginning of the period/year	181,953	171,556
Profit for the period/year	95,177	181,953
Transfer to other reserves	(181,953)	(171,556)
Unappropriated results at end of the period/year	95,177	181,953
Total shareholders' equity	1,683,033	1,587,856

9. Directors

The Company has one director (year ended 31 December 2019: one) who did not receive any remuneration during the period under review (remuneration year ended 31 December 2019: nil). The Company does not have any supervisory directors (year ended 31 December 2019: nil).

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Notes to the unaudited financial statements for the six months ended 30 June 2020

10. Staff numbers and employment costs

The Company has no other employees than its director (year ended 31 December 2019: nil). Hence it has not incurred any salary or related social security and pension costs during the period (year ended 31 December 2019: nil).

11. Subsequent events

The spread of the coronavirus disease, together with other political and economic developments, is currently negatively impacting the international markets and global economic growth expectations. Depending on the further evolvement of the coronavirus disease, the fair values of debt instruments might be affected subsequent to balance sheet date. Based on the current financial position and outlook of the Company, management considers the going concern assumption appropriate.

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Other information

Statutory arrangements in respect of profit distribution

Under Dutch Civil Law, no dividends can be declared until all losses have been recovered. Subject to this the profits are at the disposal of the shareholders.