



Vivion Investments S.à r.l.

H1 2019 results

Release Date: 30 September 2019



# Key Highlights

## H1 2019 Highlights

- 1 32.6 % increase in GAV to €2,863m ((EUR 2,159 million as of 31 December 2018))
- 2 Completed acquisition of 26 hotels in the UK
- 3 Completed acquisition of 4 office properties and disposed of 1 mixed use property in Germany
- 4 German portfolio continues to generate stable income with relatively low vacancy rates
- 5 UK hotel operation revenues and sales were stable with no material change across the total UK portfolio
- 6 Substantial pipeline in place for new acquisitions

## Post 30 June 2019 Highlights

- 1 Inaugural €700m unsecured issuance in July
  - Proceeds released from Escrow in August
  - Repaid €430 million secured bank loans and completed two of its three ongoing acquisitions in Germany
  - Overfund for general corporate purposes remains on balance sheet and expected to support acquisition pipeline and drive future growth
- 2 Corporate Reorganisation to dispose Hotel Operations in the UK completed
  - Removal of operational risk → and replacing it with inflation linked, long dated (16 year) income streams
- 3 Rating of “BB+” for the Notes and corporate rating of “BB” with a stable outlook assigned by S+P

For more information on the presentation of certain non-IFRS measures and underlying assumptions of pro forma non-IFRS measures and other data used in this presentation, the Company refers to its report on the unaudited condensed consolidated interim financial statements as at 30 June 2019 available on the Company's website



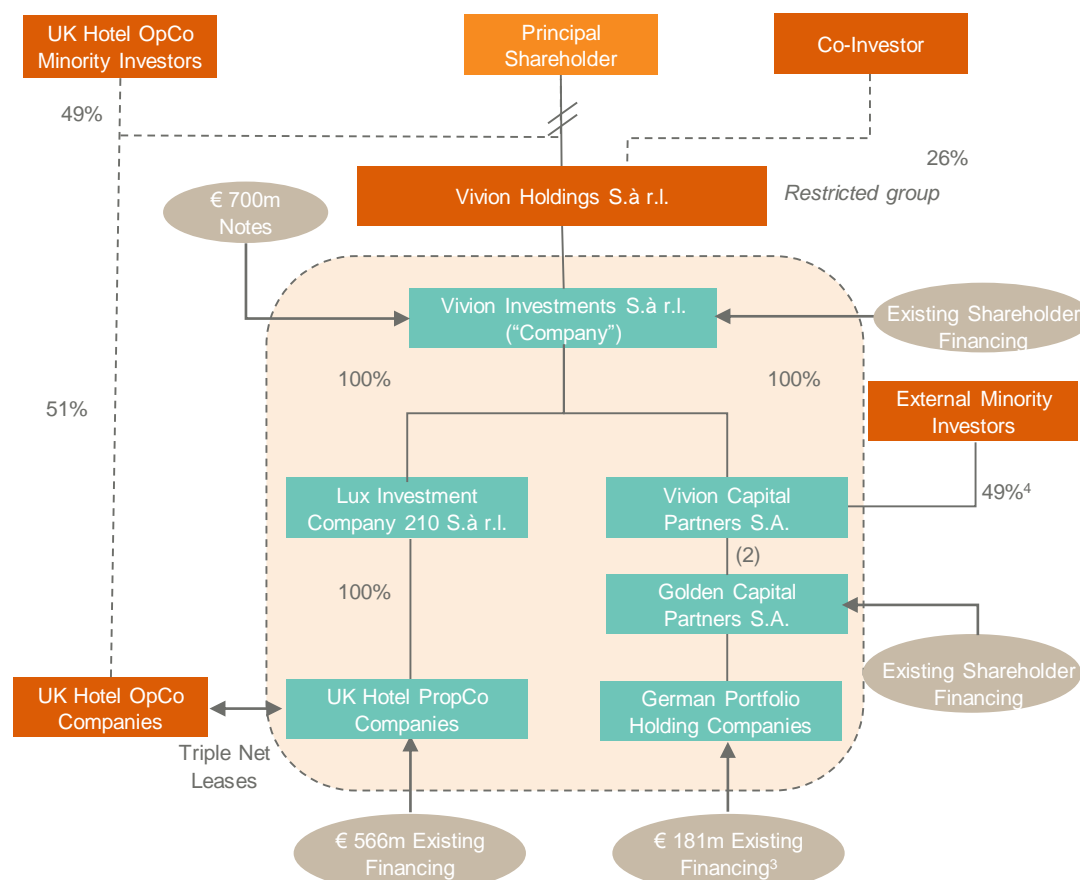
# Key Highlights - Corporate Reorganisation Update

Successful execution of the Corporate Reorganisation removes all direct operational risk from the UK hotels and transitions to **fixed / RPI linked long dated income streams** in the United Kingdom

## Summary

- Of the 55 hotel properties located in the UK, 46 comprised both PropCo and OpCo activities at acquisition
- The Company's strategy is to generate stable and long-term net operating cash flows and thus, did not intend to retain the OpCo activities acquired with the portfolio
- Triple net lease agreements between each Hotel OpCo and PropCo were entered into, resulting in c.£85m of additional rent and the removal of the hotels' operational income within the Group
- The Reorganisation has converted the UK portfolio income streams to 16 year fixed / RPI linked rental income, significantly strengthening the Vivion credit profile
- Further enhancement is provided by the rolling guarantees from the Hotel OpCo minority investors for the vast majority of the newly signed leases, totalling 39 months on a weighted average basis<sup>1</sup>

## Vivion Structure



<sup>1</sup> As of 1 August 2019. <sup>2</sup> Golden indirectly holds substantially all of the share capital of the property-owning subsidiaries in the Golden Group. Non-controlling shareholders that are unaffiliated with us own directly or indirectly a minor percentage (ranging from 6% to 11%) of the share capital of these property-owning subsidiaries. These non-controlling shareholders do not have material voting or other control rights. <sup>3</sup> Includes contemplated financings. <sup>4</sup> Vivion intends to use parts of the inaugural bond proceeds to increase the shareholding stake of the Group in its subsidiary Golden Capital Partners SA which holds the German Portfolio. Applicable corporate procedures will be initiated shortly, and the Company expects to complete the increase of the shareholding stake within the fourth quarter of 2019





# 1

## Company Background

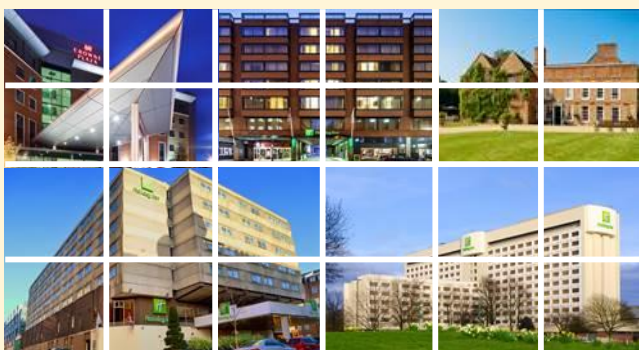
# Vivion at a Glance

Diversified Portfolio of UK Hotel Assets and German Office Properties

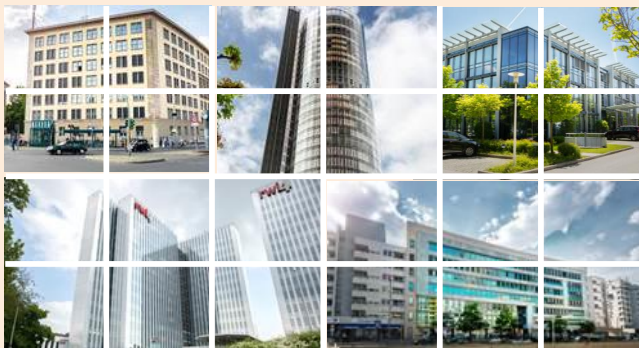
Commercial Real Estate Investment Company, Focusing on the Ownership, Management and Improvement of Properties in the United Kingdom and Germany

## Overview Of Key Assets

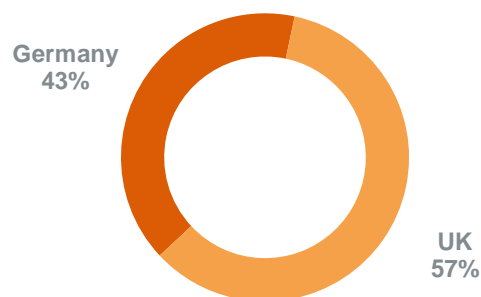
### United Kingdom (55 Assets / 8,765 Keys)



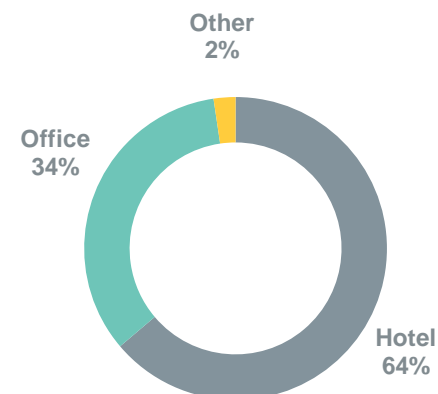
### Germany (41 Assets)



## Geographic Split



## Asset Class Split



## Key Consolidated Pro Forma Figures (per 30 June 2019)

GAV <sup>2</sup> :	Annualised In-Place Rent:	WAULT:	No. of Properties:
€ 3,044 m	€ 170 m	13.4 yrs	96
Rental Yield <sup>1</sup> :	FFO:	EPRA NAV <sup>3</sup> :	Property Occupancy:
5.8 %	€ 88 m	€ 1,361 m	96.4 %

<sup>1</sup> Calculated as GAV divided by annualised in-place rent. Excludes €127m advance payment for pipeline acquisitions.

<sup>2</sup> Includes €127m advance payment for pipeline acquisitions.

<sup>3</sup> EPRA NAV interprets shareholder loans (including accrued interest) to be treated as equity.

# Key Credit Highlights



**Diversified real estate portfolio** of attractive hotel properties in the United Kingdom and Core office properties in Germany, covering two of **Europe's most desirable real estate markets**



**High quality** real estate portfolio in **strategic locations**



**Predictable cash flows** supported by **stable rental income** and defensive lease structure with strong, financially secure and **diversified tenant base**



**Robust and prudent financing structure** with demonstrated global institutional investor interest



**Strong positioning** in each target asset class and market, backed by a **scalable real estate platform** of critical size



**Highly experienced senior leadership team** with proven European real estate track record operating within **dedicated asset management platform** of critical size



# Vivion Portfolio

Pro Forma as of 30<sup>th</sup> June 2019

Portfolio snapshot	Total	UK	Germany
GAV <sup>1</sup> (€m)	3.044	1.743	1.301
No Properties	96	55	41
In-place rents (€m)	170	114	56
Occupancy	96.4%	100%	90.8%
WAULT (years)	13.4	16	7.2



<sup>1</sup> Includes €127m advance payment for pipeline acquisitions.



2

Performance Update

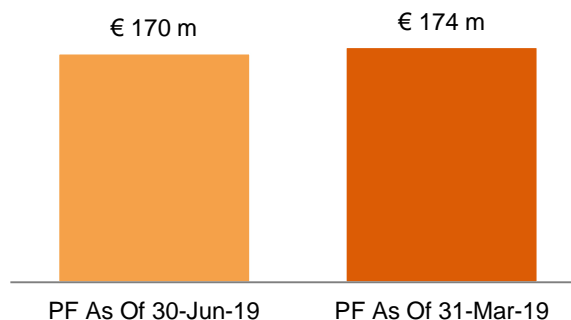


# Operational Performance

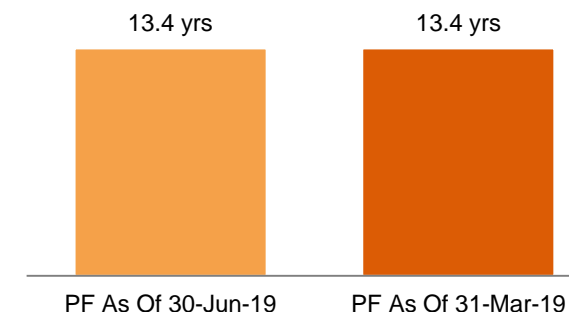
## Summary

- Operational performance in H1 2019 in line with expectations thus validated pro forma assumptions presented in the Offering Memorandum
- GBP depreciation drove slight reduction in annualised in place rent pro forma for reorganisation of the UK portfolio
- Long term lease agreements signed for the UK portfolio, maintaining PF WAULT at above industry levels
- Completed 2 out of 3 on going acquisitions as well as a disposal in Germany
- Portfolio enjoys high occupancy in both the UK and Germany

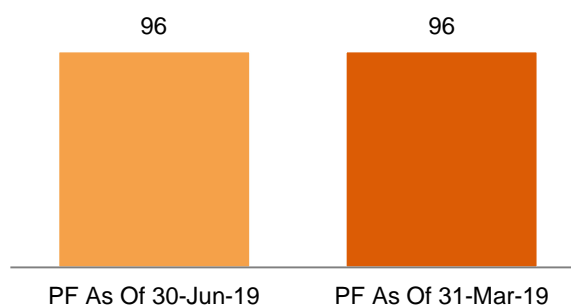
## Annualised In Place Rent (€ m)



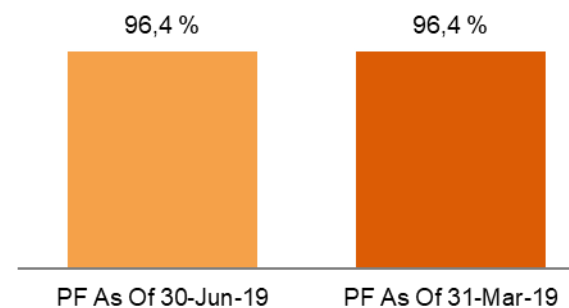
## WAULT (years)



## Number of Assets



## Occupancy (%)



# UK Hotels Outperforming Peer Set Despite Challenging Tourism Fundamentals



## UK Market and Portfolio Update

- Despite the uncertainty around Brexit and despite the challenging political and economic picture, interest from overseas investors in UK hotels remained strong, demonstrating great confidence in the future of the UK hotel market. Sustained GBP depreciation vs EUR and USD continues to boost inbound tourism
- The UK portfolio continues to outperform the market in relative share with strong RGI results across all major cities with London achieving the strongest growth
- Additional income streams being developed in multiple hotels across the portfolio augmenting top line growth
  - “Open Lobby” concept (pay as you go workspace area) now implemented in three hotels
  - Strengthening F&B offering through restaurant rebranding to Marco’s
- Looking ahead to the second half of the year, the Company expects H2 2019 to outperform H1 2019 due to active summer months, typical business months in autumn and Christmas business during winter

## Improved F&B Offering and Introduction of Additional Revenue Streams Supporting Hotel Performance



## Stable UK Hotel RevPAR YoY






# Strong Tenant Credit Profile in Germany Continues to Underpin the Resilience of The Existing Portfolio with a Substantial Pipeline of Quality Assets Set to Provide Future Growth



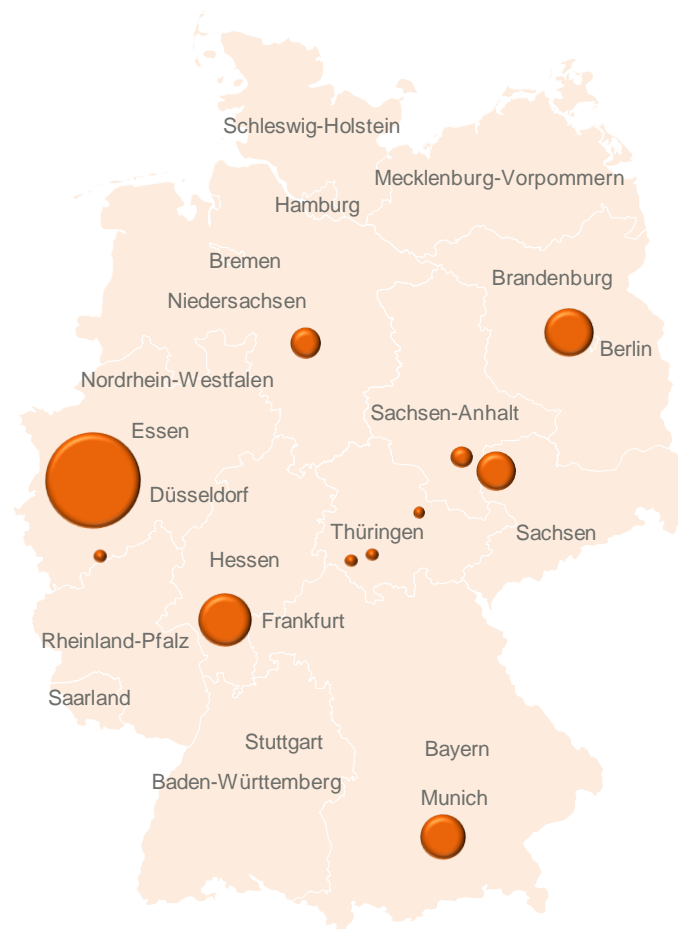
## Summary

- In H1 19, the German portfolio continued to produce strong, stable cash flows as a result of the high rent collection ratio from the diversified set of tenants in Germany
- Vacancy rate was c.9% with a certain portion due to strategic vacant areas
- 4 office properties were acquired in H1 2019, with a further 2 completed after the reporting period
- Mixed-use asset in Hannover was disposed at a significant premium to book value
- As of 30<sup>th</sup> June 2019, there is a strong pipeline in place to support the Company's growth strategy

## Top 3 Tenants by NLA as of 2020

Tenant name	% total NLA
 <b>RWE</b> National Utilities Provider	13.2%
 <b>BLB NRW</b> Agency of the German Federal State of NRW	3.8%
 <b>LGLN</b> Government Administrator	3.8%

## Asset Locations



## Select Acquisitions YTD



Cologne



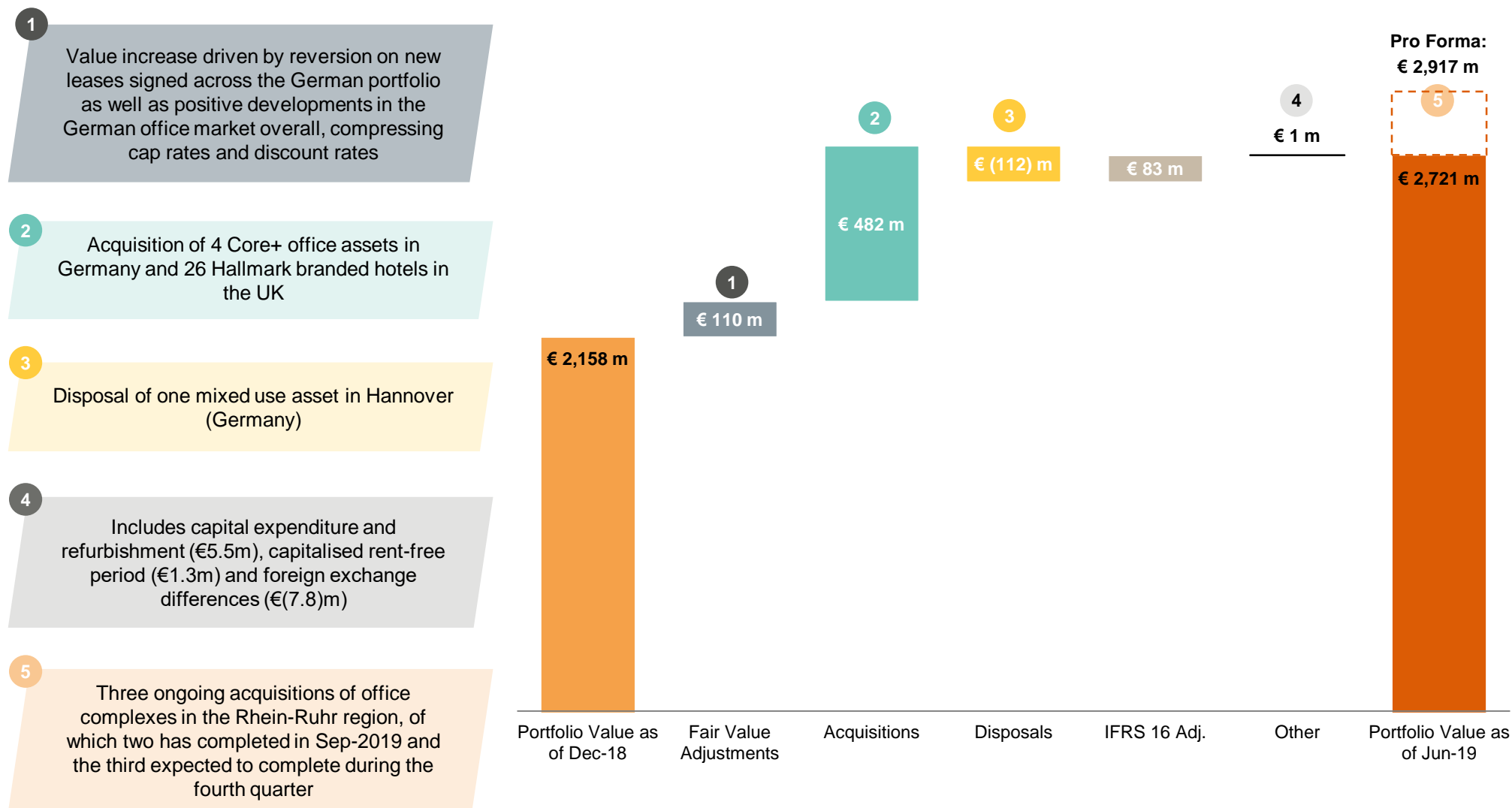
Dusseldorf





# Investment Property Value Reconciliation

31<sup>st</sup> December 2018 to 30<sup>th</sup> June 2019



Note: Excluding refundable advance payments.

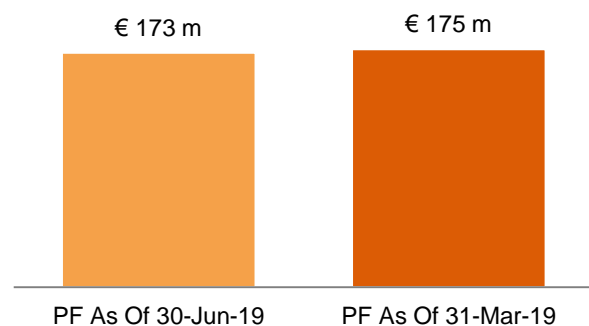
# Financial Performance (1 / 3)

## Annualised Pro Forma Metrics

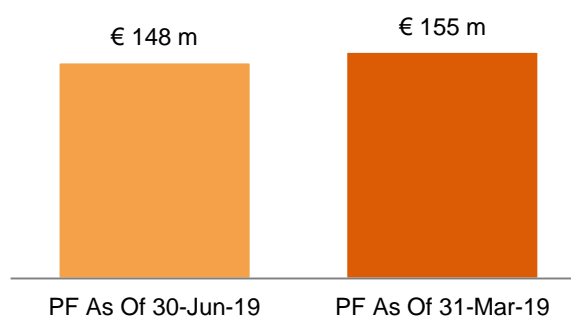
### Summary

- Strong underlying performance in Germany continues in Q2 2019 and completion of Corporate reorganisation ensures stability of our cash flows generated in the UK
- PF Revenues generated mainly from rental activities with no exposure to UK hotel operations
- Prudent operating expense management driving High adj. EBITDA margin and FFO conversion
- Majority of movements in pro-forma figures between the two periods are due to depreciation in GBP-EUR FX rate from 31-Mar-19 to 30-Jun-19
- The Company is in process of finalising its hedging strategy in order to optimise performance and exposure to different currencies

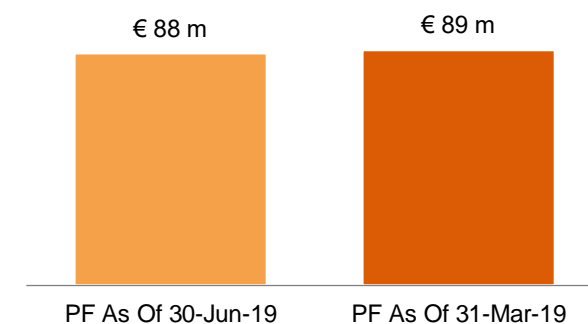
#### Revenue



#### Adjusted EBITDA<sup>1</sup>



#### FFO



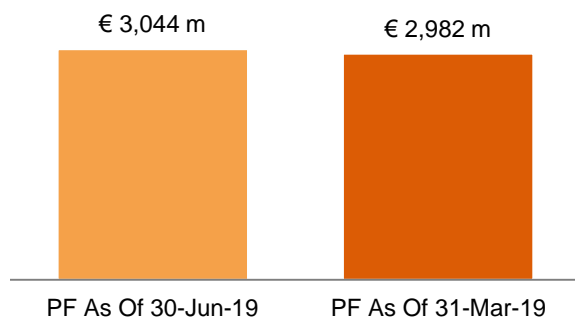
<sup>1</sup> Adjusted EBITDA excludes valuation gains, bargain purchase gains and acquisition costs.

## Financial Performance (2 / 3)

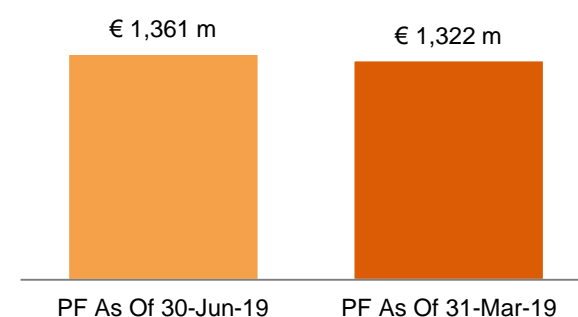
### Summary

- Strong German market fundamentals coupled with favourable new leases driving slight GAV and EPRA NAV increase despite negative FX trend
- Advance payment with respect to potential future acquisitions made during the second quarter led to decrease in pro forma cash balance and slight increase in net debt
- Asset base remains strong, with healthy cash balance to support future growth in the portfolio

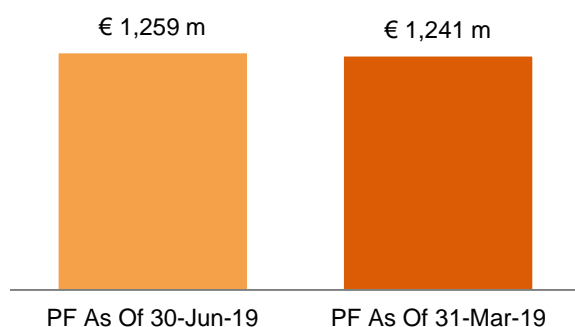
### GAV



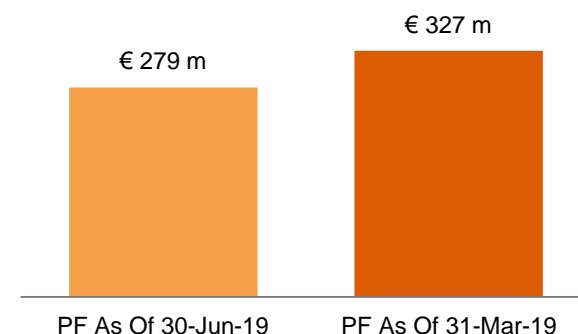
### EPRA NAV



### Net Debt



### Cash & Cash Equivalents



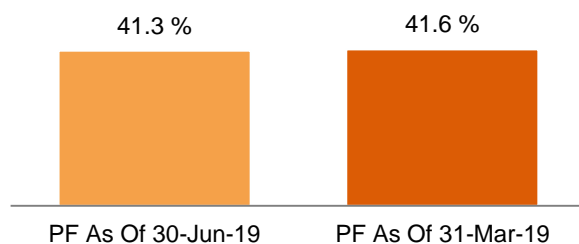


## Financial Performance (3 / 3)

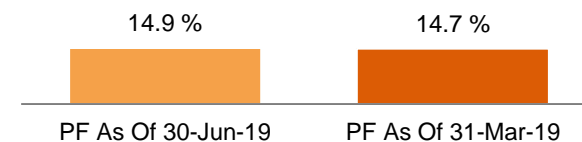
### Summary

- Pro forma leverage remains robust, well within target levels
- Low Secured LTV levels post Bond issuance and repayment of secured debt in the UK and Germany
- Strong EBITDA generation leading to healthy coverage ratio
- Asset base largely unencumbered
- Sufficient headroom across leverage metrics

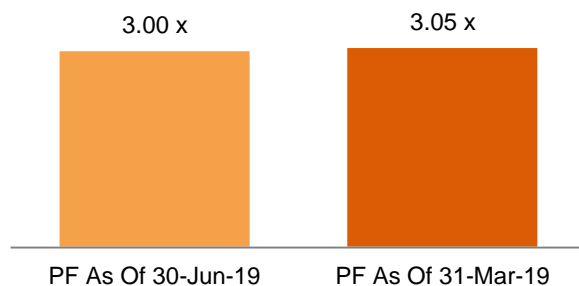
### LTV



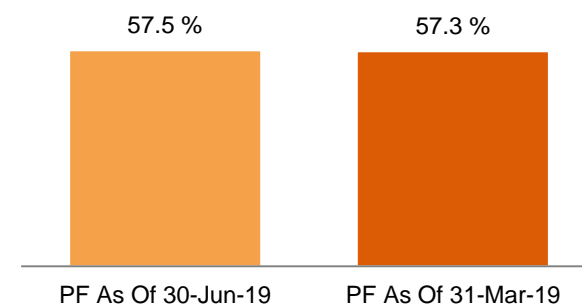
### Secured LTV



### Interest Coverage



### Unencumbered Assets Ratio



# Pro Forma Capital Structure

## PF Debt Key Metrics

Secured debt	€747m
Unsecured debt	€700m
Gross asset value <sup>1</sup>	€3,044m
LTV <sup>2</sup>	41.3%

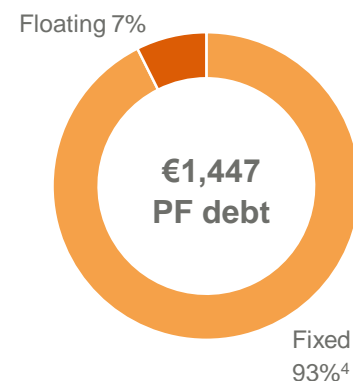
## Summary

- Improvement in secured vs. unsecured funding mix enables greater financial flexibility to pursue the Company's strategy
- Increased share of fixed debt facilitates capital management and planning

## Secured vs Unsecured<sup>3</sup>



## Fixed vs Floating<sup>3</sup>



<sup>1</sup> Includes IFRS 16 adjustment and advance payments. <sup>2</sup> Defined as Net Debt / GAV. <sup>3</sup> Excludes long-term lease liabilities and accrued interest. <sup>4</sup> Through hedging.

# Disclaimer

This presentation (the "Presentation"), which is provided by Vivion Investments S.à r.l. (the "Company"), is confidential and should not be disclosed to any person without the prior written consent of the Company.

This Presentation (including any oral statements provided during the Presentation) must be held in complete confidence and documents containing any such information or opinions may not be used or disclosed to any third party, copied or reproduced in whole or in part without the prior written consent of the Company.

This Presentation does not constitute or form part of an invitation or offer to any person to underwrite, subscribe for or otherwise acquire any securities (debt or equity) in the Company. In addition, it is not intended to form the basis of or act as an inducement to enter into any contract or investment activity, and should not be considered as investment advice, or a recommendation to invest or engage in investment business.

No representation or warranty, express or implied, is or will be given by the Company and its subsidiaries (collectively the "Group") or their respective directors, officers, employees or advisers or any other person as to the accuracy or completeness of this Presentation and, so far as permitted by law, no responsibility or liability is accepted for the accuracy or sufficiency thereof, or for any errors, omissions or misstatements, negligent or otherwise, relating thereto. In particular, but without limitation, no representation or warranty, express or implied, is given as to the achievement or reasonableness of, and no reliance should be placed on, any projections, targets, estimates or forecasts and nothing in this Presentation is or should be relied on as a promise or representation as to the future. Accordingly, neither any member of the Group, nor any of their respective directors, officers, employees or advisers, nor any other person, shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in or omission from this Presentation or any other written or oral communication with the recipient or its advisers in connection with its evaluation of the Group and (save in the case of fraudulent misrepresentation) any such liability is expressly disclaimed. This Presentation does not purport to be all inclusive, or to contain information that you may need and speaks as of the date hereof. There is no obligation of any kind of the Company or any entities within the Group to update this Presentation.

This Presentation includes forward-looking statements. These forward-looking statements include all matters that are not historical facts, statements regarding intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the operates. By their nature, forward-looking statements involve risks and uncertainties. The Group cautions you that forward-looking statements are not guarantees of future performance and that the actual results of operations, financial condition and liquidity and the development of the industry in which the Group operates may differ materially from those made in or suggested by the forward-looking statements contained in this Presentation. In addition, even if the Group's results of operations, financial condition and liquidity and the development of the industry in which the Group operates are consistent with the forward-looking statements contained in this Presentation, those results or developments may not be indicative of results or developments in future periods. No member of the Group assumes any obligation to review or confirm analyst expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this Presentation.

This Presentation includes certain non-IFRS financial measures including non-IFRS financial measures on a pro forma basis giving effect to certain transactions and made under certain assumptions. For more information on the calculation of the non-IFRS measures and underlying assumptions of pro forma non-IFRS measures, the Company refers to its report on the unaudited condensed consolidated interim financial statements as at 30 June 2019 available on the Company's website. These non-IFRS measures may not be comparable to similarly-titled measures as presented by other companies, nor should they be considered as an alternative to historical financial results or other indicators of cash flow or other financial measures. Certain financial and statistical information in this Presentation has been subject to rounding adjustments. Accordingly, the sum of certain data may not conform to the expressed total.

This Presentation contains certain financial information and operating data that have not been audited or reviewed by the Group's auditors. Such financial information and operating data are based on the Group's internal estimates, assumptions, calculations, expectations, business plans and master plans relating to its planned projects. Unless otherwise indicated, historical results of operations included in this Presentation are presented on the basis of underlying results, which are derived by adjusting the results reported in accordance with the applicable accounting standards for defined special items. Management believes these underlying results provide a better understanding of the underlying trends in historical financial performance.

The Company obtained certain industry and market data used in this Presentation from publications and studies conducted by third parties and estimates prepared by the Company based on certain assumptions. While the Company believes that the industry and market data from external sources are accurate and correct, none of the Company, any of the entities within the Group, Goldman Sachs International or J.P. Morgan Securities plc or any of their respective affiliates, directors, officers, employees, advisors, representatives or any other person have independently verified such data or sought to verify that the information remains accurate as of the date of this Presentation and none of the Company, any members of the Group, Goldman Sachs International or J.P. Morgan Securities plc or any of their respective affiliates, directors, officers, employees, advisors, representatives or any other person make any representation as to the accuracy of such information.

The proposed securities have not been registered under the US Securities Act of 1933, as amended (the "US Securities Act"), or any US state securities laws, and will only be offered and sold outside the United States pursuant to Regulation S under the US Securities Act or another applicable exemption under the US Securities Act.

This Presentation has been prepared on the basis that any offer of securities in any Member State of the European Economic Area will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Member State, from the requirement to publish a prospectus for offers of securities. Accordingly any person making or intending to make any offer in that Member State of securities which are the subject of the offering contemplated in this Presentation, may only do so in circumstances in which no obligation arises for the Company or any of the initial purchasers to publish or supplement a prospectus pursuant to the Prospectus Directive.

This Presentation is made to and directed only at persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) (inter alios, high net worth companies or unincorporated associations) of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity within the meaning of section 21 of the Financial Services and Markets Act 2000 in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "Relevant Persons"). The Presentation is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which the Presentation relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Presentation or any of its contents. The information in this Presentation is given in confidence and the recipients of this Presentation should not engage in any behaviour in relation to qualifying investments or related investments (as defined in the FSMA and the Code of Market Conduct made pursuant to the FSMA), which would or might amount to market abuse for the purposes of the FSMA.

This Presentation is not directed to retail investors in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

Solely for the purposes of the product approval process of each initial purchaser that is a manufacturer (each a "Manufacturer"), the target market assessment in respect of the securities described in this Presentation has led to the conclusion that: (i) the target market for such securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of such securities to eligible counterparties and professional clients are appropriate. The target market and distribution channel(s) may vary in relation to sales outside the EEA in light of local regulatory regimes in force in the relevant jurisdiction. Any person subsequently offering, selling or recommending such securities (a "distributor") should take into consideration the Manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such securities (by either adopting or refining the Manufacturers' target market assessment) and determining appropriate distribution channels.

The distribution of this Presentation in other jurisdictions may also be restricted by law, and persons into whose possession this Presentation comes must inform themselves about, and observe, any such restrictions.

By accepting this Presentation, you agree and acknowledge to be bound by the forgoing limitations, undertakings and restrictions.

