



Condensed Consolidated Interim Financial Statements

as at 30 June 2019



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



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

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Vivion Investments S. à r.l. as at 30 June 2019, the condensed consolidated interim statements of profit or loss, changes in equity and cash flows for the six month period then ended, and notes to the condensed consolidated interim financial statements. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2019 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Luxembourg, 25 September 2019

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé



M. Weber

Condensed Consolidated Interim Statement of Financial Position

Assets

	Note	30 June 2019 unaudited EUR thousands	31 December 2018 audited EUR thousands
Non-current assets			
Investment property	5	2.721.051	2.047.708
Advances payment for investment property	5	142.115	111.451
Property, plant and equipment		471	311
Derivative financial instruments	10	810	3.686
Restricted bank and other deposits		30.275	22.557
Other financial assets		3.095	1.712
Total non-current assets		2.897.817	2.187.425
Current assets			
Rent and other receivables		47.402	25.074
Prepayments		6.919	5.553
Inventories		850	486
Cash and cash equivalents		180.365	61.213
		235.536	92.326
Investment property assets held for sale	5	-	121.102
Total current assets		235.536	213.428
Total assets		3.133.353	2.400.853

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

Condensed Consolidated Interim Statement of Financial Position

Equity and liabilities

	Note	30 June 2019 unaudited EUR thousands	31 December 2018 audited EUR thousands
Issued share capital		12	12
Share premium reserve		53.030	53.030
Retained earnings		315.045	234.005
Foreign currency translation reserve		(1.895)	(1.059)
Total equity attributable to owners of the Company		366.192	285.988
Non-controlling interests		191.910	112.498
Total equity		558.102	398.486
Non-current liabilities			
Interest bearing loans and borrowings	6	1.139.646	869.871
Loans from related parties	9B	779.767	719.097
Loans from non-controlling interests	7	298.056	206.995
Accrued interest on loans from related parties		47.092	27.040
Tenant deposits		1.744	1.475
Long-term lease liabilities	3A	84.158	-
Deferred tax liabilities		141.739	103.416
Total non-current liabilities		2.492.201	1.927.895
Current liabilities			
Trade and other payables		68.885	32.143
Income tax payables		1.035	3.487
Other short-term liabilities		755	706
Current maturities of interest bearing loans and borrowings	6	12.375	8.896
		83.050	45.231
Liabilities held for sale	5	-	29.242
Total current liabilities		83.050	74.473
Total liabilities		2.575.251	2.002.367
Total liabilities and equity		3.133.353	2.400.853

Date of approval of the financial statement: 25 September 2019


Oliver Wolf, Director


Jan Fischer, Director

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

Condensed Consolidated Interim Statement of Profit and Loss

	Note	For the six months ended 30 June 2019 <small>unaudited EUR thousands</small>	For the period from April 2 till 30 June 2018 <small>unaudited EUR thousands</small>
Revenues			
Hotel income		133.438	56.049
Rental income		32.071	7.215
Service charge income		5.333	1.724
Total revenues		170.842	64.988
Service charge expenses		[6.648]	[3.379]
Other property operating expenses		[23.637]	[6.787]
Cost of hotel operations		[48.439]	[16.331]
Total operating expenses		[78.724]	[26.497]
Net operating income		92.118	38.491
Selling expenses		[15.801]	[6.917]
Administrative expenses		[23.688]	[11.550]
Valuation gains from investment property	5	109.585	81.449
Profit on disposal of investment property	5	8.473	
Bargain purchase gain	4	35.722	43.207
Net gains on investment property		153.780	124.656
Operating profit		206.409	144.680
Finance income		180	4
Finance expense		[55.679]	[19.009]
Profit before tax		150.910	125.675
Income tax expense		[21.875]	[14.094]
Profit for the year		129.035	111.581
Attributable to:			
Owners of the Company		80.789	93.957
Non-controlling interests		48.246	17.624
		129.035	111.581

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

Condensed Consolidated Interim Statement of Profit and Loss

Note	For the six months ended 30 June 2019 <small>unaudited EUR thousands</small>	For the period from April 2 till 30 June 2018 <small>unaudited EUR thousands</small>
Profit for the year	129.035	111.581
Other comprehensive income (loss):		
Foreign currency translation reserve	(836)	389
Other comprehensive income (loss):	(836)	389
Total comprehensive income	128.199	111.970
Attributable to		
Owners of the Company	79.953	94.346
Non-controlling interests	48.246	17.624
	128.199	111.970

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

Condensed Consolidated Interim Statement of Equity

		Attributable to owners of the Company						
	Note	Issued share Capital	Share premium reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
		EUR thousands	EUR thousands	EUR thousands	EUR thousands	EUR thousands	EUR thousands	EUR thousands
For the six months ended 30 June 2019 (unaudited)								
		12	53.030	(1.059)	234.004	285.987	112.498	398.485
	3A	-	-	-	251	251	-	251
Balances as at January 1, 2019 after initial application								
		12	53.030	(1.059)	234.255	286.238	112.498	398.736
		-	-	(836)	80.789	79.952	48.246	128.199
		12	53.030	(1.895)	315.044	366.190	160.744	526.935
Transactions with owners, recognized directly in equity								
		-	-	-	-	-	27.608	27.608
		-	-	-	-	-	8.521	8.521
		-	-	-	-	-	(4.963)	(4.963)
		12	53.030	(1.895)	315.044	366.190	191.910	558.102

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

Condensed Consolidated Interim Statement of Equity

	Attributable to owners of the Company						Total equity EUR thousands
	Issued share Capital	Share premium reserve	Foreign currency translation reserve	Retained earnings	Total	Non- controlling interests	
	EUR thousands	EUR thousands	EUR thousands	EUR thousands	EUR thousands	EUR thousands	
Balance as at 2 April 2018 *	-	-	-	-	-	-	-
Profit for the period	-	-	-	93.957	93.957	17.624	111.581
Other comprehensi- ve income	-	-	389	-	389	-	389
Total comprehensive income for the period	-	-	389	93.957	94.346	17.624	111.970
Transactions with owners, recognized directly in equity							
Issue of ordinary shares net of issue costs	-	-	-	-	-	-	-
Conversion of share- holders' loans into share premium	-	-	-	-	-	-	-
Equity contributions of non-controlling interest sharehol- ders net of issue costs	-	-	-	-	-	44.500	44.500
Non-controlling interests arising on initial consolidation	-	-	-	-	-	16.273	16.273
Balance as at 30 June 2018 (unaudited)	-	-	389	93.957	94.346	78.397	172.743

Condensed Consolidated Interim Statements of Cash Flows

	Note	For the six months ended 30 June 2019 <small>unaudited EUR thousands</small>	For the period from April 2 till 30 June 2018 <small>unaudited EUR thousands</small>
Cash flows from operating activities			
Net income for the period		129.035	111.581
Adjustments for:			
Net change in fair value of investment property	5	(109.585)	(81.449)
Profit on acquisition at bargain price	4	(35.722)	(43.207)
Profit from disposal of investment property	5	(8.473)	-
Net finance expense		55.499	19.005
Tax expense		21.875	14.094
Depreciation		104	-
Change in inventories		110	(72)
Change in trade and other receivables		(1.960)	(2.395)
Change in trade and other payables		12.039	10.046
Change in tenant deposits		240	-
Taxes paid		(5.075)	(780)
Net cash from operating activities		58.087	26.823
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	4	(64.891)	(269.109)
Acquisition of investment property	4B	(9.869)	-
Advances in respect of investment properties	5	(131.400)	-
Disposal of subsidiary, net of cash disposed off	5	100.815	-
Capital expenditure and refurbishment of investment property		(6.800)	(893)
Capital expenditure on PP&E		(264)	-
Change in restricted bank and other deposits		(7.705)	(16.252)
Net cash used in investing activities		(120.115)	(286.254)

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Cash flows from financing activities			
Proceeds from capital contributions		27.720	44.500
Proceeds from bank loans and borrowing	9	235.088	595.862
Proceeds from related party loans		78.973	298.538
Proceeds from loans from non-controlling interests	7	87.331	190.150
Repayment of bank loans and borrowings		(219.452)	(575.758)
Payment of debt issuance costs		(4.371)	(7.481)
Interest paid		(23.728)	(684)
Payments relating to hedging activities		-	(6.449)
Net cash from financing activities		181.562	538.678

Net increase/decrease in cash and cash equivalents		119.535	279.247
Cash and cash equivalents as at the beginning of the period		61.213	-
Effect of exchange rate differences on cash and cash equivalents		(383)	389
Cash and cash equivalents as at the end of the period		180.365	279.636

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

Notes to the Condensed Consolidated Interim Financial Statements

Note 1 – General

A. Reporting entity

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 2019 was EUR 12.002 divided into 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.

The Company is a commercial real estate company, focusing on the ownership, management, improvement and selective acquisition and disposal of property in the United Kingdom (“**UK**”) and Germany. As per the Reporting Date Vivion Capital Partners (“**Vivion CP**”) held 51,5% of the share capital of Golden Capital Partners S.A (“**Golden**”).

Golden’s business activities are focused on the German commercial real estate market with a focus on office properties. As at 30 June 2019 Golden owned 38 properties in Germany.

Vivion holds 100% interest in Luxembourg Investment Company 210 (“**LIC 210**”) focuses its business activities on investing in hotel properties located in the United Kingdom. As at 30 June 2019, LIC 210 indirectly held a portfolio of 55 hotels in the United Kingdom, of which it acquired 26 hotels on 31 January 2019. The hotels are classified as investment property.

The Company acquired Vivion CP in November 2018, while Golden, a subsidiary of Vivion CP, acquired its operations on 2 April 2018. Therefore, due to the Golden transaction and the common control nature of the Vivion transaction, the comparative profit and loss figures for 2018 are presented for the period from 2 April 2018 to 30 June 2018. The group did not have any operational activities in the period before 2 April 2018. We refer to the notes in the financial statements as at 31 December 2018.

Note 2 - Basis of Preparation

A. Statement of compliance

These condensed consolidated interim financial statements (the “**Financial Statements**”) as at 30 June 2019 (the “**Report Date**”) and for the six-month period then ended (the “**Reporting Period**”) have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all information required for full annual financial statements. They should be read in conjunction with the financial statements as at and for the year ended 31 December 2018 (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. Basis of measurement

The Financial statements have been prepared under the historical cost convention, except, in particular, investment properties, which are measured at fair value.

C. Use of estimates, judgments and fair value measurement

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

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

Note 3 – Significant Accounting Policies

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

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

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

As from 1 January 2019 the Group applies the new standards and amendments to standards described below:

(1) IFRS 16, Leases

As from 1 January 2019 (hereinafter: “the date of initial application”) the Group applies International Financial Reporting Standard 16, Leases (hereinafter: “IFRS 16” or “the standard”), which replaced International Accounting Standard 17, Leases (hereinafter: “IAS 17” or “the previous standard”).

The main effect of the standard’s application is reflected in annulment of the existing requirement from lessees to classify leases as operating (off-balance sheet) or finance leases and the presentation of a unified model for lessees to account for all leases similarly to the accounting treatment of finance leases in the previous standard. Until the date of initial application, the Group classified the leases in which it is the lessee as operating leases, since it did not substantially bear all the risks and rewards from the assets.

In accordance with IFRS 16, for agreements in which the Group is the lessee, the Group recognizes a right-of-use asset and a lease liability at the inception of the lease contract for all the leases in which the Group has a right to control identified assets for a specified period of time, other than exceptions specified in the standard. Accordingly, the Group recognizes depreciation and amortization expenses in respect of a right-of-use asset, tests a right-of-use asset for impairment in accordance with IAS 36 and recognizes financing expenses on a lease liability. Therefore, as from the date of initial application, lease payments relating to assets leased under an operating lease, which were presented as part of general and administrative expenses in the income statement, are capitalized to assets and written down as depreciation and amortization expenses. The right-of-use assets are included in investment property, also refer to note 5.

The Group elected to apply the standard using the modified retrospective approach, with an adjustment to the balance of retained earnings as at 1 January 2019 and without a restatement of comparative data. In respect of all the leases, the Group elected to apply the transitional provisions such that on the date of initial application it recognized a liability at the present value of the balance of future lease payments discounted at its incremental borrowing rate at that date calculated according to the average duration of the remaining lease period

as from the date of initial application and adjusted the lease liability as if accounted for the lease per initiation of the lease contract in accordance with IFRS 16. Consequently, for lease agreements of German properties we recognized retrospectively a right-of-use asset at the present value of the balance of future lease payments, adjusted for any prepaid or accrued lease payments that were recognized as an asset or liability before the date of initial application. For UK lease agreements the Group recognized a right-of-use asset at the same amount of the liability, adjusted for any prepaid or accrued lease payments that were recognized as an asset or liability before the date of initial application. Therefore, application of the standard for UK hotel lease agreements did not have an effect on the Group's equity at the date of application.

Furthermore, as part of the initial application of the standard, the Group has chosen to apply the following expedients:

- (1) Applying the practical expedient regarding the recognition and measurement of leases where the underlying asset has a low value;
- (2) Relying on a previous definition and/or assessment of whether an arrangement is a lease in accordance with current guidance with respect to agreements that exist at the date of initial application;
- (3) Assessing whether a contract is onerous in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets (hereinafter: "IAS 37") immediately before the date of initial application instead of assessing impairment of right-of-use assets.
- (4) Applying the practical expedient regarding the recognition and measurement of short-term leases, for both leases that end within 12 months from the date of initial application and leases for a period of up to 12 months from the date of their inception for all groups of underlying assets to which the right-of-use relates;
- (5) Excluding initial direct costs from measurement of the right-of-use asset at the date of initial application;
- (6) Using hindsight when determining the lease term if the contract includes an extension or termination option;

The table below presents the cumulative effects of the items affected by the initial application on the statement of financial position as at 1 January 2019:

	According to IAS 17 unaudited EUR thousands	The change unaudited EUR thousands	According to IFRS 16 unaudited EUR thousands
Right-of-use asset (as included in Investment Property)	-	82.913	82.913
Lease liabilities	-	82.663	82.663
Retained earnings	-	251	251

In measurement of the lease liabilities, the Group discounted lease payments using the nominal incremental borrowing rate at 1 January 2019. The discount rates used to measure the lease liability range between 4.25% and 6.3% (weighted average of 6.17%). This range is affected by differences in the lease term, differences between asset groups, and so forth.

Impact of the application of IFRS 16 in the reporting period

As a result of applying IFRS 16, in relation to the leases that were classified as operating leases according to IAS 17, the Group recognized right-of-use assets (including investment property) and lease liabilities as at 30 June 2019 in the amount of EUR 85.511 thousand and EUR 84.158 thousand, respectively.

Furthermore, instead of recognizing lease expenses in relation to those leases, during the six-month period ended June 30, 2019 the Group recognized as part of revaluation of investment property an amount of EUR 0.1 million negative, and additional financing expenses in the amount of EUR 2.3 million.

a. Finance leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. At initial recognition, assets held under a finance lease are presented as receivables at an amount equal to the net investment in the lease. The present value of the lease payments is calculated using the discount rate implicit in the lease.

When the Group leases out assets in a sublease, if the discount rate implicit in the sublease cannot be readily determined, the Group uses the discount rate of the head lease, adjusted for initial direct costs related to the sublease.

Initial direct costs are included in the initial measurement of the receivables and reduce the amount of revenue recognized over the lease term.

On the initial date of the lease, the lease payments included in the measurement of the net investment in the lease include fixed payments less any lease incentives payable, variable lease payments that depend on an index or rate, any residual value guarantees provided to the lessor, the exercise price of a purchase option if it is reasonably certain that the lessee will exercise the option and lease termination penalties.

In subsequent periods, the Group recognizes financing income over the lease term. Furthermore, the Group allocates the lease payments against the balance of finance lease receivables and against financing income for the period.

The Group applies the derecognition and impairment requirements of IFRS 9 with respect to the balance of lease receivables. In addition, the Group reviews the estimates of unguaranteed residual values. In the case of a decrease in the estimate of the unguaranteed residual value, the Group adjusts the allocation of income over the lease term and immediately recognizes a decrease with respect to accumulated amounts.

b. Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an underlying asset are classified as operating leases. The Group recognizes operating lease payments as revenue on a straight-line basis over the lease term.

Initial direct costs incurred to obtain operating leases are added to the carrying amount of the underlying asset and recognized as an expense over the lease term on the same basis as the revenue from the lease.

Standard interpretation amendment	The requirements of the publication	Effective date and transitional provisions	Expected effects
(1) Improvements to IFRSs 2015-2017: Amendment to IAS 23, Borrowing Costs	The amendment clarifies that any specific borrowing costs outstanding after a qualifying asset is ready for its intended use or sale should be taken into account in the calculation of the weighted average capitalization rate of the general borrowings costs.	The amendment is applied on a prospective basis.	The Group does not expect any material impact on applying the amendment on a prospective basis.
(2) IFRIC 23, Uncertainty Over Income Tax Treatments	IFRIC 23 clarifies how to apply the recognition and measurement requirements of IAS 12 for uncertainties in income taxes. According to IFRIC 23, when determining the taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments, the entity should assess whether it is probable that the tax authority will accept its tax position. Insofar as it is probable that the tax authority will accept the entity's tax position, the entity will recognize the tax effects on the financial statements according to that tax position. On the other hand, if it is not probable that the tax authority will accept the entity's tax position, the entity is required to reflect the uncertainty in its accounts by using one of the following methods: the most likely outcome or the expected value. IFRIC 23 clarifies that when the entity examines whether or not it is probable that the tax authority will accept the entity's position, it is assumed that the tax authority with the right to examine any amounts reported to it will examine those amounts and that it has full knowledge of all relevant information when doing so. Furthermore, according to IFRIC 23 an entity has to consider changes in circumstances and new information that may change its assessment. IFRIC 23 also emphasizes the need to provide disclosures of the judgments and assumptions made by the entity regarding uncertain tax positions.	IFRIC 23 is applied using the cumulative effect approach.	The application of IFRIC 23 did not have a material effect on the financial statements other than providing more disclosures regarding the judgements made on the matter.

Note 4 – Scope of Consolidation

A. Business combinations

In January 2019 the Group acquired 26 hotels in the United Kingdom in a share deal for a consideration of GBP 58.7 million (EUR 67.0 million). The Group paid a down payment of GBP 32.5 million (EUR 36.3 million) in December 2018. The acquisition is accounted for as a business combination based on IFRS 3, Business combinations. As the transaction occurred in an off-market transaction from a third-party seller, it resulted in a bargain purchase gain of GBP 31.3 million (EUR 35.7 million).

As at 30 June 2019, the Group operated the hotels. However, its involvement in their operation was short-term as the hotel operations were disposed of in August 2019 and spun off to a third-party manager. Refer to Note 11 Subsequent Events. Therefore, the hotels are classified as investment property and subsequently measured at fair value.

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

	unaudited EUR thousands
Investment properties	319,601
Cash	3,901
Prepayments	863
Trade and other receivables	2,384
Inventory	474
Deferred tax liabilities	(22,469)
Other financial liabilities	(202,039)
Total identifiable assets	102,715
Gain on bargain purchase	(35,722)
Total consideration	66,993
Satisfied by:	
cash	66,993
Cash flow analysis:	
Cash consideration	66,993
Less: cash and cash equivalent balances acquired	(3,901)
Less: advance payments before Reporting period	(36,322)
Net cash outflow arising on acquisition in Reporting period	26,770

Transaction costs amounted to approximately GBP 4.6 million (EUR 5.3 million) and are included in Administrative expenses in the Statement of Profit and Loss.

From the date of acquisition, the portfolio has contributed EUR 8.8 million to operating income and EUR 32.8 million to revenues. If the combination had taken place at the beginning of the year, the contribution to the profit after tax for the Group would approximate EUR 10 million and revenue would approximate EUR 39 million.

B. Assets' acquisitions

On 2 January 2019 the Group acquired 89,8% holding stake in three companies which hold three office buildings in Germany through a share deal. The total consideration paid in cash amounted to EUR 104 million, out of which EUR 65 million was already paid in 2018. The acquisition was treated as an asset acquisition in which the company acquired investment property of EUR 152 million and bank loans amounting to EUR 52 million and working capital for amount of EUR 4 million.

On 31 January 2019 the Group acquired 100% stake in one office building in Germany through an asset deal. The total consideration paid in cash amounted to EUR 9.2 million (EUR 9.9 million including acquisition costs). The acquisition was treated as an asset acquisition.

Note 5 – Investment Properties

Reconciliation of carrying amount

	Germany				UK	Totals
	Office EUR thousands	Hotels EUR thousands	Other EUR thousands	Subtotal EUR thousands	Hotels EUR thousands	EUR thousands
Balance as at January 1, 2019	578.450	158.690	67.120	804.260	1.353.448	2.157.708
Initial application of IFRS 16, see note 3	4.855	917	-	5.772	77.141	82.913
Restated balance as at January 1, 2019	583.305	159.607	67.120	810.032	1.430.589	2.240.621
Acquisition of subsidiaries (Note 4B)	152.040	-	-	152.040	-	152.040
Properties acquisition	9.869	-	-	9.869	319.601	329.470
Capital expenditure and refurbishment	2.214	2.390	-	4.604	855	5.459
Capitalized rent-free rent	800	467	74	1.341	-	1.341
Capitalization of finance costs in development projects	534	1.879	-	2.413	-	2.413
Foreign exchange differences	-	-	-	-	(7.822)	(7.822)
Fair value adjustments	108.361	(1.776)	3.000	109.585	-	109.585
Disposal of subsidiaries	(112.056)	-	-	(112.056)	-	(112.056)
At June 30, 2019 (unaudited)	745.067	162.567	70.194	977.828	1.743.223	2.721.051

	Germany				UK	Totals
	Office EUR thousands	Hotels EUR thousands	Other EUR thousands	Subtotal EUR thousands	Hotels EUR thousands	EUR thousands
Balance as at 2 April 2018	-	-	-	-	-	-
Acquisition of subsidiaries	292.374	136.900	62.816	492.090	962.055	1.454.145
Properties acquisition	134.559	-	-	134.559	286.441	421.000
Capital expenditure and refurbishment	3.117	5.580	226	8.923	6.754	15.677
Capitalization of finance costs in development projects	952	2.523	-	3.475	-	3.475
Foreign exchange differences	-	-	-	-	(17.407)	(17.407)
Fair value adjustments	147.448	13.647	4.118	165.213	115.605	280.818
Total	578.450	158.650	67.160	804.260	1.353.448	2.157.708
Less: classified as held for sale	(110.000)	-	-	(110.000)	-	(110.000)
At 31 December 2018 (audited)	468.450	158.650	67.160	694.260	1.353.448	2.047.708

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 discounts rate that is suitable in the appraisers’ and Group management’s view to the specific property location and category, specific characteristics and inherent risk as well as the prevailing market conditions as at the Report Date. The income mainly comprises expected rental income (current in-place rent, market rents as well as their development) net of operating expenses estimation, taking vacancy and lease-up assumptions into account, as well as estimation of anticipated capital expenditure.

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

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

The Group prepared a fair value assessment of the investment property portfolio. Following the assessment, the Group examined the need to update the fair value valuation for eight properties and accordingly obtained valuation reports from independent external appraisers for eight properties with net leasable area of 128.579 sqm, at EUR 479.32 million and an average market rent per sqm per month of EUR 18.1. The discount rate used in the valuations ranges between 3.75%-6.02% and the applied cap rate ranges between 4.25%-5.00%.

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

Completed transactions

In June 2019 the Group completed the sale of one of its subsidiaries, which owned a property in Hannover. As at 31 December 2018, the assets and liabilities of this subsidiary were classified as held for sale. The total contractual consideration for the transaction is EUR 110 million, subject to working capital and other pricing adjustments. During the reporting period, the Group received a total consideration of EUR 105 million in cash. The group recognized a profit from the disposal of investment property of EUR 8.5 million in the reporting period and a receivable on the buyer of EUR 13.4 million (included in Rent and Other Receivables). The receivable is calculated based on the provisional accounting records as at the disposal date and are subject to finalization of completion accounts.

Uncompleted transactions

On 23 November 2018 the Group has engaged with a third party to acquire three office buildings in Germany (through a share deal to acquire three companies) for a consideration of EUR 135 million. According to the agreement the Group paid a down payment of EUR 10 million in November 2018. Transaction costs of EUR 0.7 million were incurred in 2019. The transaction is expected to be completed no later than 31 October 2019.

The Group has engaged with a third party to obtain the exclusive right to due diligence a potential portfolio acquisition in an off-market transaction, for which the company made advance payments totaling to EUR 75 million in March 2019. The down payments were made for the proposed purchase of multiple mixed-use properties in Germany with an estimated market value of approximately EUR 500 million. The advances are refundable if the Company decides not to finalize the acquisitions.

In June 2019, the Group has signed a purchase agreement with a third party to acquire two office buildings in Cologne and Dusseldorf through an asset deal for a total consideration of EUR 44 million. The group paid a down payment of EUR 4.4 million. The transaction was completed on 16 September 2019.

The Group made advance payments of EUR 91 million (of which EUR 52 million during the reporting period) to a related party in order to pursue an acquisition of a real estate portfolio in Berlin through several share deals. The Group obtained a first priority right to directly or indirectly acquire the Assets from the related party company, subject to tax advice to be obtained and following the carrying out of relevant due diligence. Should the Group elect not to exercise its first priority right until the 31st of December 2019, the advance deposits will be returned to the Group.

Note 6 – Loans and Borrowings

- A. Presented hereunder are details of new issues or acquired loans during the six month period ended 30 June 2019, relating to the Group's principal loans and borrowings from banks:

Interest Type	Loan date	Original amount of loan	Interest mechanism and rate	Payment date of principal	30 June 2019 unaudited	
					Principal value EUR thousands	Carrying amount EUR thousands
Variable	January 2019	GBP 133.6 million	Libor + 3%	January 2024	148.973	146.475
Variable	January 2019	EUR 81.9 million	3M Euribor + 2.2%	February 2022	81.900	80.752
Fixed	March 2015*	EUR 28 million	2.24%	February 2025	28.000	25.433
Fixed	November 2017*	EUR 22 million	2.27%	September 2027	22.000	21.066
Fixed	February 2015*	EUR 5 million	2.24%	February 2025	5.000	4.627
Total new loans issued or acquired during the reporting period					285.873	278.353
Loans and borrowings as at 31 December 2018						878.767
Foreign exchange effects on loans denominated in GBP						(5.101)
Total loan balance as at 30 June 2019						1.152.021

* Loans were acquired as part of an asset acquisition as included in Note 4.

Presented in the statement of financial position under:

Non-current liabilities	1.139.646
Current liabilities	12.375
	1.152.021

B. Compliance with financial covenants

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

As at 30 June 2019, the Group is in compliance with its debt covenants.

C. Collateral

To secure the new bank loans with principal values of EUR 81.9 million and EUR 149.0 million as of the Report Date, the Group pledged properties whose total fair value at the Report Date amounts to EUR 501 million. For the three loans that were acquired as part of an asset acquisition as per note 4 the properties are encumbered with a total fair value at the Report date of EUR 224.4 million.

Note 7 - Loans from Non-controlling Interests

During the Reporting Period non-controlling interest shareholders provided loans to Golden amounting to EUR 87.3 million for which total loans from non-controlling interest shareholders amount to EUR 287.5 million as at 30 June 2019 (excluding accrued interest of EUR 12.7 million). The loans bear 5.25% annual interest rate which is compounded to the loan principal on an annual basis, payable in the 10th anniversary year. In addition, Golden at its sole discretion, has the right to prepay the loan at any time subject to 3 days' notice, or to extend the loan term by additional five years. Golden may, occasionally at its sole discretion, subject to 7 days' notice, convert the loan into its own Ordinary shares according to a conversion price which reflects Golden's value based on external valuation report as at the date of conversion. Any prepayment or conversion of the Investors' loans may be executed only on a pro rata basis according to each shareholder stake. Loans from shareholders are unsecured and subordinated to the other Group debt.

Note 8 – Operating segments

A. Segment reporting

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

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

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

Commercial properties in Germany includes offices, hotels, residential and retail investment property. None of these segments meets any of the quantitative thresholds for determining reportable segments during the Reported Period. Properties in the United Kingdom are hotels.

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 EUR thousands	Germany EUR thousands	Total Consolidated EUR thousands
For the six month period ended 30 June 2019			
Revenues	143,806	27,036	170,842
Operating expenses	(68,903)	(9,821)	(78,723)
Reportable segment gross profit	74,904	17,215	92,119
Selling and administrative expenses	(15,772)	(29)	(15,801)
Changes in fair value of investment properties	-	109,585	109,585
Profit on disposal of investment property	-	8,473	8,473
Reportable segment operating profit	59,132	135,244	194,376
Bargain purchase gain			35,722
Administrative expenses			(23,688)
Net finance expenses			(55,499)
Profit before tax			150,910

	United Kingdom EUR thousands	Germany EUR thousands	Total Consolidated EUR thousands
For the period from 2 April 2018 until 30 June 2018			
Revenues	56,049	8,939	64,988
Operating expenses	(23,118)	(3,379)	(26,497)
Reportable segment gross profit	32,931	5,560	38,491
Selling and administrative expenses	(6,917)	-	(6,917)
Changes in fair value of investment properties	-	81,449	81,449
Reportable segment operating profit	26,014	87,009	113,023
Bargain purchase gain			43,207
Administrative expenses			(11,550)
Net finance expenses			(19,005)
Profit before tax			125,675

The Group is exposed to the cyclical nature of the hotel industry in the United Kingdom as a result of fluctuations in demand. The operating segment is affected by a mid-season for the period January until March compared to high season for the remaining period of the year.

Note 9 - Related Parties

A. Transactions with related parties

	30 June 2019 unaudited EUR thousands	30 June 2018 unaudited EUR thousands
Services and management fee charged	(743)	(470)
Interest on loans from parent entity	(20.735)	(3.850)
Interest on loans from related parties	(267)	-

The Group companies are engaged with companies affiliated to the Company's ultimate beneficial owner for providing services to the Group companies. These services include Asset Management and Property Management, which are being charged for at rates of the annual rental income of the respective property company.

The Group made advance payments of EUR 91 million (of which EUR 52 million during the reporting period) to a related party in order to pursue an acquisition of a real estate portfolio in Berlin through several share deals. The Group obtained a first priority right to directly or indirectly acquire the Assets from the related party company, subject to tax advice to be obtained and following the carrying out of relevant due diligence. Should the Group elect not to exercise its first priority right until the 31st of December 2019, the advance deposits will be returned to the Group.

B. Loans with related parties

Shareholder loans from Vivion Holdings amount to EUR 775.8 million as at the Report Date and bear the same conditions as the non-controlling interest loans as per Note 7 with an annual interest rate which ranges between 5.25%-5.9%. The accrued interest on these loans amount to EUR 47.1 million. Included in this loan balance are loans in an amount of EUR 471.6 which are denominated in GBP, and as such are subject to foreign currency effects.

Other loans from related parties are in amount of EUR 4.0 million as of the Reporting Date and are bearing an annual interest rate of 5%; the repayment periods range between 2020-2025.

Rent and Other Receivables include receivables on related parties of EUR 4.0 million. The receivables are non-interest bearing and are due within 1 year.

Note 10 - Financial Instruments

A. Fair value

(1) Financial instruments measured at fair value for disclosure purposes only

The carrying amounts of certain financial assets and liabilities, including cash and cash equivalents, trade receivables, other receivables, other short-term investments, deposits, derivatives, bank overdraft, short-term loans and borrowings, trade payables and other payables are the same or proximate to their fair value.

As at the Report Date, the fair values of long-term bank and related party borrowings as presented in the statement of financial position approximates its fair values.

(2) Fair value hierarchy of financial instruments measured at fair value

	Level 1 unaudited EUR thousands	Level 2 unaudited EUR thousands	Level 3 unaudited EUR thousands	Total unaudited EUR thousands
Financial assets measured at fair value through profit or loss:				
Interest rate swap contracts	-	810	-	810

There were no transfers between levels 1, 2 or 3 during the Reporting Period.

Note 11 - Subsequent Events

- A.** In July 2019, the Company completed its unsecured public market debut through the issuance of EUR 700 million Senior Unsecured Notes due July 2024 priced at a coupon of 3.000%. The proceeds were placed in escrow with their release conditional on the execution of the UK Hotel portfolio restructuring (refer to note 11B). The Notes are admitted to the Official List of Euronext Dublin and to trading on the Global Exchange Market of Euronext Dublin.
- B.** In August 2019 the Group completed the restructuring of its hotel portfolio in the United Kingdom. This resulted in the disposal of the hotel operations outside of the Group, with the hotel properties remaining. The Group entered into index linked lease agreements with the respective tenants of the properties for a minimum period of 16 years, resulting in £85 million additional in-place rent across the segment Day 1. Also refer to note 4A.
- C.** Following the release of the Notes from escrow, various bank loans were repaid, with a total loan value of EUR 430 million as at 30 June 2019.

- D.** The Group finalized the acquisition of two properties in Germany on 16 September 2019 as disclosed in note 5 for a total consideration of EUR 44 million.
 - E.** In September 2019, the Group made an additional refundable advance payment of EUR 39 million to a related party to prolong its first priority right to 31 December 2019 in order to pursue an acquisition of a real estate portfolio in Berlin as disclosed in note 5.
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Authorization of Condensed Interim Consolidated Financial Statements

These Condensed Consolidated Interim Financial Statements were authorized for issue by the Group's Board of Directors on 25 September 2019.



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