Company Number: 08491527

ELQ INVESTORS VI LTD

ANNUAL REPORT

31 December 2018

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2018.

1. Introduction

The principal activity of ELQ Investors VI Ltd (the company) is to undertake investment business. The company holds investments in subsidiary undertakings which hold real estate assets and directly holds investments in joint venture, equity and debt instruments.

The company's ultimate parent undertaking and controlling entity is The Goldman Sachs Group, Inc. (Group Inc.). Group Inc. is a bank holding company and a financial holding company regulated by the Board of Governors of the Federal Reserve System. In relation to the company, 'group undertaking' means Group Inc. or any of its subsidiaries. Group Inc., together with its consolidated subsidiaries, form 'GS Group'. GS Group is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals.

The company primarily operates in a U.S. dollar environment as part of GS Group. Accordingly, the company's functional currency is the U.S. dollar and these financial statements have been prepared in that currency.

2. Financial overview

The financial statements have been drawn up for the year ended 31 December 2018. Comparative information has been presented for the year ended 31 December 2017.

The results for the year are shown in the profit and loss account on page 7. Profit before taxation for the year ended 31 December 2018 was US$74.6 million (2017: US$27.0 million).

The company had total assets of US$1,234.0 million as at 31 December 2018 (31 December 2017: US$1,530.1 million).

3. Post balance sheet events

Subsequent to the year end, the following events took place:

In March 2019, the company sold its investment in ELQ Lux Holdings S.A.R.L. and underlying subsidiaries to a fellow group undertaking GLQ Holdings (UK) Ltd for a total consideration of US$136.3 million. This equated to the carrying value of the investment and as such the company did not realise any gains or losses on the sale.

Further, in March 2019, the company's immediate parent undertaking ELQ Holdings (UK) Ltd, sold its interest in the company to GLQ Holdings (UK) Ltd for a total consideration of US$602.1 million, equivalent to the company's fair market value at the date of sale.

During March 2019 and June 2019, the company received dividends totalling US$74.9 million from its subsidiary undertaking Artemis Acquisition Poland S.A.R.L.

4. Exchange rate

The British pound / U.S. dollar exchange rate at the balance sheet date was £ / US$ 1.2743 (31 December 2017: 1.3524). The average rate for the year was £ / US$ 1.3297 (2017: £ / US$ 1.3020).

5. Future outlook

The directors consider that the year end financial position of the company was satisfactory and do not anticipate any significant changes in its activities in the forthcoming year.

STRATEGIC REPORT (continued)

6. Principal risks and uncertainties

The directors consider that the most important components of the company's financial risk are market risk, credit risk and liquidity risk. The company is also exposed to risk of decline in value of its non-financial assets, primarily investments in subsidiary undertakings. The company, as part of a global group, adheres to global risk management policies and procedures. The company's risk management objectives and policies are described in note 24 of the financial statements.

7. Date of authorisation of issue

The strategic report was authorised for issue by the Board of Directors on 12 September 2019.

ON BEHALF OF THE BOARD

Director

JEREMY WILTSHIRE

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2018.

1. Introduction

In accordance with section 414A of the Companies Act 2006, the directors have prepared a strategic report, which contains a review of the company's businesses and a description of the principal risks and uncertainties facing the company. The directors have chosen to make reference to the company's risk management objectives and policies, as well as exposures to market risk, credit risk and liquidity risk in the strategic report, in accordance with section 414C(11) of the Companies Act 2006, that would otherwise have been reported in the directors' report.

2. Dividends

The directors do not recommend the payment of a dividend in respect of the year (2017: US$ nil).

3. Disclosure of information to auditors

In the case of each of the persons who are directors of the company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware; and

- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

4. Independent auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

5. Directors

The directors of the company who served throughout the year and to the date of this report, except where noted, were:

Name	Appointed	Resigned
B. Cabiallavetta		4 October 2018
T. Cannell		
W. T. Gasson		4 October 2018
G. G. Olafson		
N. Somaiya		4 October 2018
R. M. Thomas		
J. Wiltshire		

No director had, at the year end, any interest requiring note herein.

DIRECTORS' REPORT (continued)

6. Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

7. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 12 September 2019.

ON BEHALF OF THE BOARD

Director

JEREMY WILTSHIRE

Independent auditors' report to the members of ELQ Investors VI Ltd

Report on the audit of the financial statements

Opinion

In our opinion, ELQ Investors VI Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2018; the Profit and Loss Account, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Nick Morrison

Nick Morrison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 September 2019

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2018

	Note	Year ended 31 December 2018 US$	Year ended 31 December 2017 US$
Net revenues	4	83,534,832	98,595,421
Income from shares in group undertakings	5	25,352,714	-
Write down of shares in group undertakings	6	(7,506,823)	(26,102,714)
Interest receivable and similar income	8	5,395,828	4,316,883
Interest payable and similar expenses	9	(14,271,467)	(14,761,217)
Administrative expenses	10	(62,750,017)	(35,035,040)
OPERATING PROFIT		29,755,067	27,013,333
Gains on sale of shares in group undertakings	7	44,860,090	-
PROFIT BEFORE TAXATION		74,615,157	27,013,333
Tax on profit	13	(10,599,428)	(22,858,966)
PROFIT FOR THE FINANCIAL YEAR		64,015,729	4,154,367

The operating profits of the company are derived from continuing operations in the current and prior years.

The company has no recognised gains and losses other than those included in the profit and loss account for the years shown above and therefore no separate statement of comprehensive income has been presented.

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

BALANCE SHEET

as at 31 December 2018

	Note	31 December 2018 US$	31 December 2017 US$
FIXED ASSETS			
Investments	15	620,698,463	615,085,054
CURRENT ASSETS			
Investments	16	237,485,783	305,353,562
Debtors: Amounts falling due within one year	17	22,795,776	7,459,613
Debtors: Amounts falling due after more than one year	18	349,575,908	517,024,521
Cash at bank and in hand		3,429,931	85,153,769
		613,287,398	914,991,465
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	19	(11,585,532)	(32,049,648)
NET CURRENT ASSETS		601,701,866	882,941,817
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	20	(804,563,992)	(1,125,202,994)
PROVISIONS FOR LIABILITIES	14	-	(19,003,269)
NET ASSETS		417,836,337	353,820,608
CAPITAL AND RESERVES			
Called up share capital	21	318,403,294	318,403,294
Profit and loss account		99,433,043	35,417,314
TOTAL SHAREHOLDER'S FUNDS		417,836,337	353,820,608

The financial statements were approved by the Board of Directors on 12 September 2019 and signed on its behalf by:

Director

JEREMY WILTSHIRE

The accompanying notes are an integral part of these financial statements.
Company number: 08491527

ELQ INVESTORS VI LTD

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

	Note	Called up share capital US$	Profit and loss account US$	Total shareholder's funds US$
Balance at 1 January 2017		233,403,294	31,262,947	264,666,241
Proceeds from shares issued		85,000,000	-	85,000,000
Profit for the financial year		-	4,154,367	4,154,367
Balance at 31 December 2017		318,403,294	35,417,314	353,820,608
Profit for the financial year		-	64,015,729	64,015,729
Balance at 31 December 2018		318,403,294	99,433,043	417,836,337

No dividends were paid in 2018 or 2017.

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018

1. GENERAL INFORMATION

The company is a private limited company and is incorporated and domiciled in England and Wales. The address of its registered office is Plumtree Court, 25 Shoe Lane, London, EC4A 4AU, United Kingdom.

The immediate parent undertaking is ELQ Holdings (UK) Ltd, a company incorporated and domiciled in England and Wales.

The ultimate parent undertaking and the parent company of the smallest and largest group for which consolidated financial statements are prepared is The Goldman Sachs Group, Inc., a company incorporated in the United States of America. Copies of its consolidated financial statements can be obtained from Investor Relations, 200 West Street, New York, NY 10282, United States of America, or at www.goldmansachs.com/shareholders/.

2. ACCOUNTING POLICIES

a. Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention (except as modified in note 2h), and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006.

The following exemptions from disclosure requirements of International Financial Reporting Standards (IFRS) as adopted by the E.U. have been applied in the preparation of these financial statements in accordance with FRS 101:

(i) IFRS 2 'Share-based Payment' paragraph 45(b) and 46 to 52. These disclosures are provided in the consolidated financial statements of Group Inc.;

(ii) IAS 1 'Presentation of Financial Statements' paragraph 38 to present comparative information in respect of IAS 1 'Presentation of Financial Statements' paragraph 79(a)(iv);

(iii) IAS 1 'Presentation of Financial Statements' paragraphs 10(f), 16 and 40A-D;

(iv) IAS 7 'Statement of Cash Flows';

(v) IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31;

(vi) IAS 24 'Related Party Disclosures' paragraph 17; and

(vii) IAS 24 'Related Party Disclosures' requirements to disclose transactions with companies also wholly owned within GS Group.

The company is a subsidiary undertaking of Group Inc., a company incorporated within the United States of America, whose consolidated financial statements include the company and its subsidiaries and are publicly available. As a result the company has elected not to prepare consolidated financial statements as permitted by section 401 of the Companies Act 2006.

2. ACCOUNTING POLICIES (continued)

b. Changes in accounting policies

From 1 January 2018 the company adopted IFRS 9 'Financial Instruments' as issued by the IASB in July 2014.

As permitted by the transitional provisions of IFRS 9, the company elected not to restate comparative figures. The consequential amendments to IFRS 7 disclosures have only been applied in the current year.

The adoption of IFRS 9 has resulted in changes in the company's accounting policies for classification and measurement of financial assets and liabilities – refer to note 2h for further details.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the company.

(i) Classification and measurement

The company performed a detailed analysis of its business models for managing financial assets and, where required, subsequent analysis of cash flow characteristics on individual financial assets.

There were no changes to the carrying amount of financial assets as a result of the adoption of IFRS 9. At 1 January 2018, the company had US$524.5 million of financial assets classified as loans and receivables under IAS 39. These financial assets were reclassified as measured at amortised cost under IFRS 9.

There were no changes to the classcification and measurement of financial liabilities.

(ii) Impairment

The company has developed and tested an impairment model that complies with the key requirements of IFRS 9. The results calculated by the model were not material and therefore the company has not recorded any credit losses as a result of adopting IFRS 9.

c. Revenue recognition

Net revenues have been disclosed instead of turnover as this more meaningfully reflects the nature and results of the company's activities. This includes net revenues from equity investments, debt investments and investments in joint ventures.

Net revenues from equity investments includes dividend income, changes in fair value and gains and losses on sale of investments. Dividends receivable are recognised as income when the right to receive the payment has been established.

Net revenues from debt investments includes accrued interest, changes in fair value and gains and losses on sale of investments.

Net revenues from investments in joint ventures includes changes in fair value and gains and losses on sale of investments.

d. Dividends

Final equity dividends are recognised as a liability and deducted from equity in the period in which the dividends are approved by the company's shareholder. Interim equity dividends are recognised and deducted from equity when paid.

2. **ACCOUNTING POLICIES (continued)**

e. **Foreign currencies**

The company's financial statements are presented in U.S. dollars, which is also the company's functional currency. Transactions denominated in foreign currencies are translated into U.S. dollars at rates of exchange ruling on the date the transaction occurred. Monetary assets and liabilities, and non-monetary assets and liabilities measured at fair value, denominated in foreign currencies are translated into U.S. dollars at rates of exchange ruling at the balance sheet date. Foreign exchange gains and losses are recognised in the profit and loss account.

f. **Fixed asset investments**

Fixed asset investments comprises investments in subsidiary undertakings and is stated at cost less provision for any impairment. Dividends receivable are recognised when the right to receive payment has been established.

g. **Cash at bank and in hand**

Cash at bank and in hand is highly liquid overnight deposits held in the ordinary course of business.

h. **Financial assets and financial liabilities**

(i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or if the company transfers the financial asset and the transfer qualifies for derecogniton. A transferred financial asset qualifies for derecognition if the company transfers substantially all the risks and rewards of ownership of the financial asset or does not retain control. Financial liabilities are derecognised only when they are extinguished (i.e. when the obligation specified in the contract is discharged or cancelled or expires).

(ii) Classification and measurement

Financial assests comprise all of the company's current assets (with the exception of tax assets) and financial liabilities comprise all of the company's creditors (with the exception of tax liabilities).

From 1 January 2018 the company has adopted IFRS 9 and classifies financial assets into the below categories on the basis of both the company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. The business model reflects how the company manages particular groups of assets in order to generate future cash flows. Where the business model is to hold the assets to collect contractual cash flows, the company subsequently assesses whether the cash flows represent solely payments of principal and interest.

- **Financial assets measured at amortised cost**

Financial assets that are held for the collection of contractual cash flows and have cash flows that represent solely payments of principal and interest are measured at amortised cost, unless they are designated at fair value through profit or loss. The company considers whether the cash flows represent basic lending arrangements and where contractual terms introduce exposure to risk or volatility inconsistent with a basic lending arrangement, the financial asset is classified and measured at fair value through profit or loss.

2. ACCOUNTING POLICIES (continued)

Financial assets and financial liabilities (continued)

Financial assets measured at amortised cost are initially measured at fair value plus transaction costs and subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the company estimates cash flows considering all contractual terms of the financial asset but does not consider future credit losses. All finance income is recognised in the profit and loss account.

- **Financial assets mandatorily measured at fair value through profit or loss**

Financial assets that do not meet the criteria for amortised cost are mandatorily measured at fair value through profit or loss. Such financial assets are initially measured at fair value and subsequently at fair value through profit or loss, with gains or losses recognised in net revenues.

Prior to 1 January 2018, the company classified its financial assets into the following categories under IAS 39:

- **Loans and receivables**

Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. Such financial assets were initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method. All finance income was recognised in the profit and loss account.

The company classifies its financial liabilities into the below categories. The classification, which is determined at initial recognition, depends on the purpose for which they were acquired or originated.

- **Financial liabilities designated at fair value through profit or loss**

Financial liabilities designated at fair value through profit or loss comprise intercompany financing arrangements. The company has recognised the intercompany multi-currency arrangements at fair value where the arrangements contain embedded foreign exchange features. Financial liabilities designated at fair value through profit or loss are initially measured at fair value with transaction costs expensed in profit or loss. They are measured in the balance sheet at fair value and all subsequent gains or losses are recognised in the profit and loss account.

- **Financial liabilities measured at amortised cost**

Financial liabilities measured at amortised cost are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method (see above). Finance costs, including discounts allowed on issue, are recorded in interest payable and similar expenses.

2. ACCOUNTING POLICIES (continued)

Financial assets and financial liabilities (continued)

(iii) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet where there is:

(i) currently a legally enforceable right to set off the recognised amounts; and

(ii) intent to settle on a net basis or to realise the asset and settle the liability simultaneously.

Where these conditions are not met, financial assets and financial liabilities are presented on a gross basis on the balance sheet.

i. Current and deferred tax

The tax expense comprises current and deferred tax. Tax is recognised in the profit and loss account.

Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all temporary differences that have originated, but not reversed at the balance sheet date, where transactions or events have occurred by that date that will result in an obligation to pay more tax or a right to pay less tax in the future with the following exceptions:

(i) Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which future reversal of the underlying temporary differences can be deducted.

(ii) Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in these financial statements. The nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements in the current and prior years:

a. Fair value measurement

Certain of the company's financial assets include significant unobservable inputs (i.e. level 3). See note 25 for information about the carrying value, valuation techniques and significant inputs of these instruments.

b. Deferred tax

In the prior year, the company recognised a deferred tax liability (see note 14) which required judgement in determining the expected tax liabilities and payments in the future at each reporting date. These forecasts required the use of assumptions and estimates. The relevant tax law was considered to determine the tax liability in future years and management exercised judgement for recognition of estimated liabilities.

4. NET REVENUES

	Year ended 31 December 2018 US$	Year ended 31 December 2017 US$
Net revenues from joint ventures	71,082,537	36,870,478
Net revenues from debt investments	11,120,066	61,724,943
Net revenues from equity investments	1,332,229	-
	83,534,832	**98,595,421**

5. INCOME FROM SHARES IN GROUP UNDERTAKINGS

In the current year, the company received dividend income totalling US$25.4 million from subsidiary undertakings (2017: US$ nil). This comprised dividends of US$9.0 million from Artemis Acquisition Netherlands S.A.R.L., US$6.6 million from Artemis Acquisition Poland S.A.R.L., US$5.0 million from Kingfisher Real Estate B.V. and US$4.7 million from Artemis Acquisition France S.A.R.L.

6. WRITE DOWN OF SHARES IN GROUP UNDERTAKINGS

In the current year, the company recorded impairments of US$3.1 million, US$2.5 million and US$1.9 million on Artemis Acquisitions Poland S.A.R.L, ELQ Lux Holdings S.A.R.L and Encasa Cibeles S.L. respectively as part of the year end assessment of the subsidiaries' performances (see note 15). In the prior year, the company recorded an impairment of US$26.1 million on Encasa Cibeles S.L.

7. GAINS ON SALE OF SHARES IN GROUP UNDERTAKINGS

In the current year, the company recorded net gains on sale of subsidiaries of US$44.9 million (2017: US$ nil). This comprised a gain of US$31.0 million on the sale of Artemis Acquisition Germany S.A.R.L., US$11.8 million on the sale of Artemis Acquisition Finland Oy and US$2.1 million on the sale of its minority stakes in Artemis Corner Acquisition Korlatolt Felelossegu Tarsasag and Central Udvar Acquisition Korlatolt Felelossegu Tarsasag (see note 15).

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2018 US$	Year ended 31 December 2017 US$
Interest on long-term loans due from group undertakings (see note 18)	5,395,828	4,316,883
	5,395,828	**4,316,883**

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 December 2018 US$	Year ended 31 December 2017 US$
Interest on long-term loans due to group undertakings (see note 20)	14,271,467	14,761,217
	14,271,467	**14,761,217**

10. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2018 US$	Year ended 31 December 2017 US$
Management fees charged by group undertakings	59,639,060	37,080,047
Foreign exchange gains	(70,621)	(3,216,754)
Legal and professional fees	3,101,278	1,186,998
Other expenses / (income)	80,300	(15,251)
	62,750,017	**35,035,040**

The auditors' remuneration for the current year of £30,000 (US$39,891) (2017: £20,000 (US$27,048)) has been borne by a group undertaking.

11. STAFF COSTS

As in the prior year, the company has no employees. All persons involved in the company's operations are employed by group undertakings. The charges made by these group undertakings for all services provided to the company are included in management fees charged by group undertakings (see note 10).

12. DIRECTORS' EMOLUMENTS

The directors did not receive any remuneration from the company in the current or prior years and no contributions were made by the company under defined benefit or defined contribution pension schemes. The directors are employed by other group undertakings and their remuneration is borne by those companies and not re-charged. The directors do not consider that more than an incidental amount of their remuneration relates to the qualifying services provided to the company.

13. TAX ON PROFIT

	Year ended 31 December 2018 US$	Year ended 31 December 2017 US$
Current tax:		
U.K. corporation tax	(11,082,869)	3,953,699
Overseas taxes on investments in joint ventures	41,287,078	-
Adjustments in respect of prior periods	(601,512)	(98,002)
Total current tax	**29,602,697**	**3,855,697**
Deferred tax:		
Overseas taxes on investments in joint ventures	(19,003,269)	19,003,269
Total deferred tax	**(19,003,269)**	19,003,269
Total tax on profit	**10,599,428**	**22,858,966**

The table below presents a reconciliation between tax on profit and the amount calculated by applying the weighted average rate of U.K. corporation tax applicable to the company for the year of 19.00% (2017: 19.25%) to the profit before taxation.

	Year ended 31 December 2018 US$	Year ended 31 December 2017 US$
Profit before taxation	74,615,157	27,013,333
Profit multiplied by the weighted average rate in the U.K. 19.00% (2017: 19.25%)	14,176,880	5,200,067
Permanent differences	(8,776,541)	443,888
Non-taxable dividend income	(4,817,016)	-
Non-taxable UK gains on investments in joint ventures	(13,505,682)	(7,097,567)
Overseas taxes on investments in joint ventures	22,283,809	19,003,269
Non-deductible impairments on investments in subsidiary undertakings	1,426,297	5,024,772
Non-deductible expenses	294,621	114,249
Exchange and other differences	118,572	268,290
Adjustments in respect of prior periods	(601,512)	(98,002)
Total tax on profit	**10,599,428**	**22,858,966**

14. PROVISIONS FOR LIABILITIES

Provisions for liabilities in the prior year comprised a deferred tax liability recognised in relation to overseas taxes on gains from investments in joint ventures. This was settled in full in the current year following the sale of a significant stake in the investment.

	31 December 2018	31 December 2017
Deferred tax liability comprises	US$	US$
Overseas taxes on investments in joint ventures	-	**19,003,269**

The movements in the deferred tax balances were as follows:	**Overseas taxes on investments in joint ventures US$**
At 1 January 2017	-
Charged to the profit and loss account (see note 13)	19,003,269
At 31 December 2017	19,003,269
Credited to the profit and loss account during the year (see note 13)	(19,003,269)
At 31 December 2018	-

15. FIXED ASSET INVESTMENTS

Fixed asset investments, which are unlisted and stated at cost less provision for any impairment, comprise investments in subsidiary undertakings:

	US$
At 1 January 2017	267,018,285
Additions	389,200,423
Distributions	(15,030,940)
Impairments (see note 6)	(26,102,714)
At 31 December 2017	615,085,054
Additions	146,897,635
Distributions	(92,300,443)
Disposals	(41,476,960)
Impairments (see note 6)	(7,506,823)
At 31 December 2018	**620,698,463**

During the year the following key additions took place:

(i) The company acquired 1,559,300 ordinary shares of US$0.01 each in ELQ Lux Holdings S.A.R.L. for a total consideration of US$139.1 million.

(ii) The company made an equity injection of US$7.8 million into Kingfisher Real Estate B.V.

During the year the following key disposals took place:

(i) The company sold its investment in Artemis Acquisition Germany S.A.R.L for a total consideration of US$68.4 million, realising a gain of US$31.0 million.

(ii) The company sold minority stakes in Artemis Corner Acquisition Korlatolt Felelossegu Tarsasag and Central Udvar Acquisition Korlatolt Felelossegu Tarsasag for a total consideration of US$3.7 million, realising a gain of US$2.1 million.

(iii) The company sold its investment in Artemis Finland Oy for a total consideration of US$11.8 million, realising a gain of US$11.8 million.

(iv) The company sold its minority stake in Pheasant B.V. for a total consideration of US$0.6 million. This equated to the carrying value of the minority stake and as such the company did not realise any gains or losses on the sale.

During the year the following key distributions took place:

(i) The company received distributions totalling US$75.8 million from Artemis Acquisition Poland S.A.R.L following a capital reduction. It was determined that the distribution represented a return of capital and the company reduced its investment by the same amount.

(ii) The company received distributions totalling US$9.7 million from Encasa Cibeles S.L. following a capital reduction. It was determined that the distribution represented a return of capital and the company reduced its investment by the same amount.

15. FIXED ASSET INVESTMENTS (continued)

(iii) The company received distributions totalling US$5.7 million from Artemis Acquisition France S.A.R.L following a capital reduction. It was determined that the distribution represented a return of capital and the company reduced its investment by the same amount.

(iv) The company received distributions totalling US$1.1 million from Kingfisher Real Estate B.V. following a capital reduction. It was determined that the distribution represented a return of capital and the company reduced its investment by the same amount.

The subsidiaries, over which the company exercises control via ordinary shares held directly by the company at the year end, are:

Name of company	Nature of business	Proportion of nominal value held	Class of shares held
Encasa Cibeles S.L.[1]	Holds real estate	97.95%	Ordinary shares
Kingfisher Real Estate B.V.[2]	Holds real estate	100%	Ordinary shares
Puffin Real Estate B.V.[2]	Holds real estate	100%	Ordinary shares
Dolomites Funding S.R.L.[3]	Holds loan portfolios	100%	Ordinary shares
Artemis Acquisition Italy S.A R.L.[4]	Holds real estate	100%	Ordinary shares
Artemis Acquisition Poland S.A R.L.[4]	Holds real estate	100%	Ordinary shares
Artemis Acquisition France S.A R.L.[4]	Holds real estate	100%	Ordinary shares
Artemis Acquisition Netherlands S.A R.L.[4]	Holds real estate	100%	Ordinary shares
Artemis Corner Acquisition Korlatolt Felelossegu Tarsasag[5]	Holds real estate	91.54%	Ordinary shares
Central Udvar Acquisition Korlatolt Felelossegu Tarsasag[5]	Holds real estate	91.54%	Ordinary shares
Pheasant B.V.[2]	Holds real estate	97%	Ordinary shares
ELQ Lux Holdings S.A.R.L.[4]	Holds investments in subsidiaries	100%	Ordinary shares

The subsidiaries, over which the company exercises control via ordinary shares held by subsidiary underakings at the year end, are:

Name of company	Nature of business	Proportion of nominal value held	Class of shares held
Vintners Propco S.A.R.L[4]	Holds real estate	96.72%	Ordinary shares
ELQ Hungary Holding Korlatolt Felelossegu Tarsasag[6]	Holds real estate	100%	Ordinary shares
Woodpecker Acquisitions Korlatolt Felelossegu Tarsasag[6]	Holds real estate	100%	Ordinary shares
Lepontine S.R.L.[7]	Holds real estate	100%	Ordinary shares

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018

15. FIXED ASSET INVESTMENTS (continued)

Registered office address at:

[1] Avenida del Talgo, 155, Madrid, Spain, 28023

[2] Strawinskylaan 3127, Atrium Building 8th Floor, Amsterdam, Netherlands, 1077 ZX

[3] Milano (MI) Piazzetta Maurilio Bossi 3, 20121

[4] 2, Rue du Fossé, Luxembourg L-1536, Luxembourg

[5] Andrássy út 100, Budapest, Hungary, 1062

[6] Buday Laszlo ucta 12. III. emelet, Budapest, Hungary, 1024

[7] Via Vittorio Alfieri, 1, Conegliano (Treviso), Italy, 31015

16. CURRENT ASSET INVESTMENTS

Current asset investments comprise equity investments, debt investments and investments in joint ventures.

	31 December 2018 US$	31 December 2017 US$
Equity investments at fair value	62,216,284	-
Debt investments at fair value	121,801,804	159,026,733
Investments in joint ventures at fair value	10,268,676	102,294,658
Debt investments at amortised cost	43,199,019	44,032,171
	237,485,783	**305,353,562**

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2018 US$	31 December 2017 US$
Amounts due from group undertakings	10,833,430	6,262,537
Accrued interest on long-term loans due from group undertakings (see note 18)	211,908	1,112,595
Group relief receivable	10,614,693	84,481
Corporation tax receivable	781,687	-
Other debtors	354,058	-
	22,795,776	**7,459,613**

Amounts due from group undertakings includes US$10.3 million (31 December 2017: US$ nil) in cash balances held on account by a fellow group undertaking.

18. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2018 US$	31 December 2017 US$
Long-term loans due from group undertakings	348,742,228	517,024,521
Accrued interest on long-term loans due from group undertakings	833,680	-
	349,575,908	**517,024,521**

Long-term loans due from group undertakings comprises the following:

(i) A loan of US$201.6 million (31 December 2017: US$190.5 million) advanced by the company to Kingfisher Real Estate B.V., a fellow group undertaking. During the current year, the company entered into a new master unsecured intercompany loan agreement with a final maturity date of January 2038 replacing the existing agreement. The loan is unsecured and carries interest at a variable margin over the applicable currency's overnight interest rate.

(ii) A loan of US$52.5 million (31 December 2017: US$56.8 million) advanced by the company to Pheasant B.V., a fellow group undertaking, under the terms of an existing loan agreement dated October 2017. The loan is repayable in April 2027.

(iii) A loan of US$12.6 million (31 December 2017: US$13.2 million) advanced by the company to Artemis Acquisition Italy S.A.R.L., a fellow group undertaking. During the current year, the company entered into a new master unsecured intercompany loan agreement with a final maturity date of January 2038 replacing the existing agreement. The loan is unsecured and carries interest at a variable margin over the applicable currency's overnight interest rate.

(iv) A loan of US$22.1 million (31 December 2017: US$32.2 million) advanced by the company to Artemis Acquisition France S.A.R.L., a fellow group undertaking. During the current year, the company entered into a new master unsecured intercompany loan agreement with a final maturity date of January 2038 replacing the existing agreement. The loan is unsecured and carries interest at a variable margin over the applicable currency's overnight interest rate.

(v) A loan of US$37.3 million (31 December 2017: US$48.1 million) advanced by the company to Artemis Acquisition Netherlands S.A.R.L., a fellow group undertaking. During the current year, the company entered into a new master unsecured intercompany loan agreement with a final maturity date of January 2038 replacing the existing agreement. The loan is unsecured and carries interest at a variable margin over the applicable currency's overnight interest rate.

(vi) A loan of US$22.6 million (31 December 2017: US$23.8 million) advanced by the company to Puffin Real Estate B.V., a fellow group undertaking, under the terms of an existing loan agreement dated July 2017. The loan is repayable in July 2037.

In the prior year, long-term loans due from group undertakings also included the following which were all repaid in full in the current year:

(i) A loan of US$34.6 million advanced by the company to Artemis Acquisition Finland Oy, a fellow group undertaking, under the terms of a loan agreement dated April 2017.

(ii) A loan of US$0.1 million advanced by the company to Artemis Acquisition Poland S.A.R.L., a fellow group undertaking, under the terms of a loan agreement dated July 2017.

(iiii) A loan of US$116.8 million advanced by the company to Artemis Acquisition Germany S.A.R.L., a fellow group undertaking, under the terms of a loan agreement dated July 2017.

(iv) A loan of US$0.9 million advanced by the company to Central Udvar Acquisition Korlatolt Felelossedu Tarsasag, a fellow group undertaking, under the terms of a loan agreement dated October 2017.

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2018	31 December 2017
	US$	US$
Amounts due to group undertakings	6,572,981	17,249,654
Accrued interest on long-term loans due to group undertakings	200,918	12,706,681
Corporation tax payable	-	859,564
Other creditors	4,811,633	1,233,749
	11,585,532	**32,049,648**

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2018	31 December 2017
	US$	US$
Long-term loans due to group undertakings	786,268,997	1,125,202,994
Accrued interest on long-term loans due to group undertakings	18,294,995	-
	804,563,992	**1,125,202,994**

Long-term loans due to group undertakings in the current year comprises the following:

(i) A loan of US$757.4 million (31 December 2017: US$845.2 million) advanced by Group Inc. During the current year, the company changed the terms of the agreement with a final maturity date of January 2038. The loan is unsecured and carries interest at a variable margin over the applicable currency's overnight interest rate. The loan represents a multi-currency facility which is recognised at fair value.

(ii) A loan of US$28.8 million (31 December 2017: US$ nil) advanced by the company's subsidiary Central Udvar Acquisition Korlatolt Felelossegu Tarsasag under the terms of a new loan agreement dated May 2018. The loan is unsecured and carries interest at a variable margin over the applicable currency's overnight interest rate and is repayable in May 2067.

In the prior year, long-term loans due to group undertakings also included a loan of US$280.0 million advanced by ELQ Holdings (UK) Ltd, under the terms of an existing loan agreement dated October 2013. This was fully repaid in the current year.

21. CALLED UP SHARE CAPITAL

At 31 December 2018 and 31 December 2017 share capital comprised:

	31 December 2018		31 December 2017	
	No.	US$	No.	US$
Allotted, called up and unpaid				
Ordinary shares of GBP 1 each	1	2	1	2
Allotted, called up and fully paid				
Ordinary shares of GBP 1 each	10,000	16,348	10,000	16,348
Ordinary shares of EUR 1 each	10,000	13,690	10,000	13,690
Ordinary shares of USD 1 each	318,373,254	318,373,254	318,373,254	318,373,254
		318,403,294		**318,403,294**

22. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments or contingencies outstanding at year end (31 December 2017: US$ nil).

23. RELATED PARTY DISCLOSURES

The company had the following transactions with entities that are not wholly owned within the group:

- The company held 97.95%, along with a co-investor, in Encasa Cibeles S.L., a subsidiary of the company. During the year, the company recorded an impairment of US$1.9 million (2017: US$26.1 million) on Encasa Cibeles S.L as part of the year end assessment of the subsidiary's performance. The carrying value of the investment as at 31 December 2018 was US$180.6 million (31 December 2017: US$192.2 million) (see note 6).

- During the current year, the company sold minority stakes in Artemis Corner Acquisition Korlatolt Felelossegu Tarsasag and Central Udvar Acquisition Korlat Felelossegu Tarsasag reducing its ownership percentage from 100% to 91.54%. During the current year, Central Udvar Acquisition Korlatolt Felelossegu Tarsasag advanced the company a loan of US$28.8 million (see note 20).

There are no other related party transactions during the year with non-wholly owned subsidiaries.

24. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The company monitors its capital on an ongoing basis. The company's objective is to be prudently capitalised in terms of the amount and composition of its equity base compared to the company's risk exposures. The appropriate level and composition of equity capital is determined by considering multiple factors including the business environment, conditions in the financial markets and assessments of potential future losses due to adverse changes in market environments.

The company is not subject to any externally imposed capital requirements.

The directors consider that the most important components of the company's financial risk are market risk, credit risk and liquidity risk. The company, as part of a global group, adheres to global risk management policies and procedures.

24. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (continued)

a. Market risk

Market risk is the risk of loss in value of investments, as well as certain other financial assets and financial liabilities, due to changes in market conditions. Risks are monitored and controlled through strong firmwide oversight and independent control and support functions across the company's business. Relevant market risks for the company are interest rate risk, currency risk and equity price risk.

The principal market risk of the company is the risk of loss in value of its debt investments, equity investments and investments in joint ventures. Due to the nature of the investments of the company, market risk is measured using a 10% sensitivity measure. Market risk is determined by estimating the potential reduction in revenue of a 10% decline in the underlying asset value without reflecting the diversification benefits across asset categories or across other risk measures. This would have been a loss of US$23.7 million (2017: US$30.5 million) based on the carrying value of the investments.

Interest rate risk results from exposures to changes in level, slope and curvature of yield curves, volatilities of interest rates and credit spreads. The company's exposure to interest rate risk is not significant as at 31 December 2018 and 31 December 2017.

Currency risk results from exposures to changes in spot prices, forward prices and volatilities of currency rates.

The company's functional currency is the U.S. dollar. At 31 December 2018, the company had net Euro denominated liabilities of US$36.3 million (2017: net Euro denominated assets of US$11.2 million) and net GBP denominated assets of US$1.6 million (2017: net GBP denominated liabilities of US$0.2 million).

If currency rates had been 0.5 percent higher and all other variables were held constant, the company's profit before tax for the year ended 31 December 2018 and 31 December 2017 would not have been materially affected. This has been determined assuming that the company's exposure to currency risk at balance sheet date was consistent for the whole year.

The company manages its interest rate and currency risks as part of GS Group's risk management policy, by establishing economic hedges as appropriate to the circumstances of the company.

b. Credit risk

Credit risk represents the potential for loss due to the default or deterioration in the credit quality of a counterparty. Credit risk is managed by reviewing the credit quality of the counterparties and reviewing, if applicable, the underlying collateral against which the financial assets are secured. The company's maximum exposure to credit risk is equivalent to the carrying value of its financial assets as at 31 December 2018 and 31 December 2017. The company's credit exposures are described further below:

Cash at bank and in hand. Cash at bank and in hand include both interest-bearing and non-interest-bearing deposits. To mitigate the risk of credit loss, the company places substantially all of its deposits with highly-rated banks.

Debtors. The company is exposed to credit risk from its amounts due from group undertakings, for which the credit risk is considered minimal. As at 31 December 2018, the company had no debtors past due (31 December 2017: US$ nil).

c. Liquidity risk

Liquidity risk is the risk that the company does not have sufficient cash or collateral to make payments to its counterparties or customers as they fall due. The company manages its liquidity risk in accordance with GS Group's comprehensive and conservative set of liquidity and funding policies to address both company specific and broader industry or market liquidity events.

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a. Financial assets and financial liabilities by category

The table below presents the carrying value of the company's financial assets and financial liabilities by category:

	31 December 2018		
	Mandatorily at fair value	Amortised cost	Total
Financial assets	US$	US$	US$
Investments	194,286,764	43,199,019	237,485,783
Debtors: amounts falling due within one year	-	22,014,089	22,014,089
Debtors: amounts falling due after more than one year	-	349,575,908	349,575,908
Cash at bank and in hand	-	3,429,931	3,429,931
	194,286,764	**418,218,947**	**612,505,711**

	Mandatorily at fair value	Amortised cost	Total
Financial liabilities	US$	US$	US$
Creditors: amounts falling due within one year	-	11,585,532	11,585,532
Creditors: amounts falling due after more than one year	757,446,346	47,117,646	804,563,992
	757,446,346	58,703,178	816,149,524

	31 December 2017		
	Designated at fair value	Loans and receivables	Total
Financial assets	US$	US$	US$
Investments	261,321,391	44,032,171	305,353,562
Debtors: amounts falling due within one year	-	7,459,613	7,459,613
Debtors: amounts falling due after more than one year	-	517,024,521	517,024,521
Cash at bank and in hand	-	85,153,769	85,153,769
	261,321,391	653,670,074	914,991,465

	Designated at fair value	Amortised cost	Total
Financial liabilities	US$	US$	US$
Creditors: amounts falling due within one year	-	31,190,084	31,190,084
Creditors: amounts falling due after more than one year	845,202,994	280,000,000	1,125,202,994
	845,202,994	**311,190,084**	**1,156,393,078**

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

b. Fair value heirarchy

FRS 101 has a three level fair value hierarchy for disclosure of fair value measurements. The fair value hierarchy prioritises inputs to the valuation techniques used to measure fair value, giving the highest priority to level 1 inputs and lowest priority to level 3 inputs. A financial instrument's level in the fair value hierarchy is based on the lowest level of any input that is significant to its fair value measurement.

The fair value hierarchy is as follows:

- Level 1 - Inputs are unadjusted quoted prices in active markets to which GS Group has access at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Inputs to valuation techniques are observable, either directly or indirectly.
- Level 3 - One or more inputs to valuation techniques are significant and unobservable.

The fair values for substantially all of the company's financial assets and financial liabilities are based on observable prices and inputs and are classified in levels 1 and 2 of the fair value hierarchy. Certain level 2 and level 3 financial assets and financial liabilities may require appropriate valuation adjustments that a market participant would require to arrive at fair value for factors such as counterparty and the company's and GS Group's credit quality, funding risk, transfer restrictions, liquidity and bid/offer spreads. Valuation adjustments are generally based on market evidence.

c. Valuation techniques and significant inputs

Valuation techniques and significant inputs for each level of the fair value hierarchy include:

- Level 1 financial instruments are valued using quoted prices for identical unrestricted instruments in active markets. The company defines active markets for financial instruments based on both average daily trading volume and number of days with trading activity.
- Level 2 financial instruments can be verified to quoted prices, recent trading activity for identical or similar instruments, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. Consideration is given to the nature of the quotations (e.g. indicative or firm) and the relationship of recent market activity to the prices provided from alternative pricing sources.

  Valuation adjustments are typically made to level 2 financial instruments (i) if the financial instrument is subject to transfer restrictions and/or (ii) for other premiums and liquidity discounts that a market participant would require to arrive at fair value. Valuation adjustments are generally based on market evidence.
- Level 3 financial instruments have one or more significant valuation inputs that are not observable. Absent evidence to the contrary, level 3 financial instruments are initially valued at transaction price, which is considered to be the best initial estimate of fair value. Subsequently, the company uses other methodologies to determine fair value, which vary based on the type of instrument. Valuation inputs and assumptions are changed when corroborated by substantive observable evidence, including values realised on sales of financial assets.

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

d. Fair value of financial assets and financial liabilities by level

	31 December 2018			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value	US$	US$	US$	US$
Investments in joint ventures	-	10,268,676	-	10,268,676
Equity investments at fair value	-	62,216,284	-	62,216,284
Debt investments at fair value	-	-	121,801,804	121,801,804
	-	**72,484,960**	**121,801,804**	**194,286,764**
Financial liabilities at fair value				
Creditors: amounts falling due after more than one year	-	757,446,346	-	757,446,346
	-	**757,446,346**	**-**	**757,446,346**

	31 December 2017			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value	US$	US$	US$	US$
Investments in joint ventures	-	-	102,294,658	102,294,658
Debt investments at fair value	-	145,339,016	13,687,717	159,026,733
	-	**145,339,016**	**115,982,375**	**261,321,391**
Financial liabilities at fair value				
Creditors: amounts falling due after more than one year	-	845,202,994	-	845,202,994
	-	**845,202,994**	**-**	**845,202,994**

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

e. Significant unobservable inputs used in Level 3 fair value measurement

As of 31 December 2018, the company had level 3 financial assets measured at fair value through profit and loss of US$121.8 million (31 December 2017: US$116.0 million). The table below presents the ranges of significant unobservable inputs used to value the level 3 financial assets, and the related weighted averages.

Level 3 financial assets measured at fair value through the profit and loss	**Valuation techniques and significant unobservable inputs**	**Significant unobservable inputs (where a range, weighted average)**	
		As of December 2018	**As of December 2017**
Investments in joint ventures (US$ nil and US$102.3 million of net level 3 assets as of December 2018 and December 2017, respectively)	Market comparable: • Multiples	 N/A	 9.9x
Debt investments (US$121.8 million and US$13.7 million of net level 3 assets as of December 2018 and December 2017, respectively)	Discounted cash flows: • Yield • Duration (years)	 11.92% 5.4	 8% 0.9

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

f. Level 3 rollforward

The tables below present the changes in fair value for all level 3 financial assets and financial liabilities. Gains and losses arising on level 3 assets are recognised within revenue in the profit and loss account.

	Year ended 31 December 2018		
	Investments in joint ventures	Debt investments	Total
	US$	US$	US$
Level 3 financial assets at fair value			
Balance, beginning of year	102,294,658	13,687,717	115,982,375
Losses	-	(3,286,454)	(3,286,454)
Settlements	-	(14,965,582)	(14,965,582)
Transfers into level 3	-	140,053,840	140,053,840
Transfers out of level 3	(102,294,658)	(13,687,717)	(115,982,375)
Balance, end of year	**-**	**121,801,804**	**121,801,804**

	Year ended 31 December 2017		
	Investments in joint ventures	Debt investments	Total
	US$	US$	US$
Level 3 financial assets at fair value			
Balance, beginning of year	60,064,525	12,040,986	72,105,511
Gains	42,230,133	1,646,731	43,876,864
Balance, end of year	**102,294,658**	**13,687,717**	**115,982,375**

During 2018 and 2017, there were no transfers between level 1 and level 2 financial assets and financial liabilities measured at fair value on a recurring basis.

g. Fair value of financial assets and financial liabilities valued using techniques that incorporate unobservable inputs

The fair value of financial assets and financial liabilities may be determined in whole or part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument or based on available observable market data and changing these assumptions will change the resultant estimate of fair value.

The potential impact of using reasonable possible alternative assumptions for the valuation, including significant unobservable inputs, has been quantified as of 31 December 2018, as approximately US$9.6 million (2017: US$9.0 million) for favourable changes and US$ nil (2017: US$ nil) for unfavourable changes.

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

h. Fair value of financial assets and financial liabilities not measured at fair value

The company has US$25.4 million (31 December 2017: US$92.6 million) of current financial assets (excluding investments) and US$11.6 million (31 December 2017: US$31.2 million) of current financial liabilities that are not measured at fair value. Given the short-term nature of these instruments, their carrying amounts in the balance sheet are a reasonable approximation of fair value.

Additionally, the company has debt investments carried at amortised cost included within current financial assets of US$43.2 million (31 December 2017: US$44.0 million). These investments have a fair value of US$43.2 million at 31 December 2018 (31 December 2017: US$44.5 million).

The company has US$349.6 million (2017: US$517.0 million) of financial assets and US$47.1 million (2017: US$280.0 million) of financial liabilities due after more than one year that are not measured at fair value and predominantly relate to long-term intercompany borrowings. The interest rate associated with such borrowings is variable in nature and approximates prevailing market interest rates for instruments with similar terms and characteristics. As such, the carrying amount in the balance sheet is a reasonable approximation of fair value.

i. Maturity of financial liabilities

The tables below present the undiscounted cash flows of the company's financial liabilities by contractual maturity including interest that will accrue.

	31 December 2018				
	1-3 months	**3 months to 1 year**	**1-5 years**	**5+ years**	**Total**
Financial liabilities	**US$**	**US$**	**US$**	**US$**	**US$**
Creditors: amounts falling due within one year	11,585,532	-	-	-	11,585,532
Creditors: amounts falling due after one year	-	13,731,429	68,657,144	1,069,432,101	1,151,820,674
Total - on balance sheet	**11,585,532**	**13,731,429**	**68,657,144**	**1,069,432,101**	**1,163,406,206**

	31 December 2017				
	1-3 months	**3 months to 1 year**	**1-5 years**	**5+ years**	**Total**
Financial liabilities	**US$**	**US$**	**US$**	**US$**	**US$**
Creditors: amounts falling due within one year	31,190,084	-	-	-	31,190,084
Creditors: amounts falling due after one year	-	23,512,368	117,561,839	2,109,035,085	2,250,109,292
Total - on balance sheet	**31,190,084**	**23,512,368**	**117,561,839**	**2,109,035,085**	**2,281,299,376**

26. POST BALANCE SHEET EVENTS

Subsequent to the year end, the following events took place:

In March 2019, the company sold its investment in ELQ Lux Holdings S.A.R.L. and underlying subsidiaries to a fellow group undertaking GLQ Holdings (UK) Ltd for a total consideration of US$136.3 million. This equated to the carrying value of the investment and as such the company did not realise any gains or losses on the sale.

Further, in March 2019, the company's immediate parent undertaking ELQ Holdings (UK) Ltd, sold its interest in the company to GLQ Holdings (UK) Ltd for a total consideration of US$602.1 million, equivalent to the company's fair market value at the date of sale.

During March 2019 and June 2019, the company received dividends of US$74.9 million from its subsidiary undertaking Artemis Acquisition Poland S.A.R.L