Company Number: 06409662

ELQ HOLDINGS (UK) LTD

ANNUAL REPORT

31 DECEMBER 2019

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2019.

1. Introduction

The principal activity of ELQ Holdings (UK) Ltd (the company) is to undertake investment business. The company holds investments in subsidiary undertakings which hold investments in private equity and real estate assets.

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 2019. Comparative information has been presented for the year ended 31 December 2018.

The directors consider profit before taxation, total assets and total liabilities as the company's key performance indicators.

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 2019 was US$951.1 million (2018: US$29.5 million).

The company had total assets of US$506.8 million (31 December 2018: US$1,169.0 million) and total liabilities of US$123.8 million as at 31 December 2019 (31 December 2018: US$135.5 million).

3. Exchange rate

The British pound / U.S. dollar exchange rate at the balance sheet date was £ / US$1.3265 (31 December 2018: £ / US$1.2743). The average rate for the year was £ / US$1.2792 (31 December 2018: £ / US$1.3297).

4. Future outlook and going concern

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.

Since the balance sheet date there has been a global outbreak of a coronavirus disease (COVID-19) which has caused widespread disruption to financial markets and normal patterns of business activity across the world. At the date of signing the company had not incurred any material financial impact associated with COVID-19 however, in view of its evolving nature, it is not currently possible to estimate any potential future financial effects of COVID-19 on the company.

In June 2020, the company received US$250.6 million from its subsidiary undertaking Victor Acquisitions Ltd via a partial shareholder loan repayment, dividend repayment and share capital repayment. The company used the proceeds to pay a dividend to its parent undertaking of US$150.0 million using distributable reserves and repaid US$100.6 million of its long-term loan due to group undertaking.

STRATEGIC REPORT (continued)

5. 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 certain assets, primarily investments in subsidiary undertakings. The company also has limited exposure to operational, legal, regulatory and compliance risks. 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 20 of the financial statements.

6. Principal decision making and stakeholder engagement

The directors of the company carry out their duties in a way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of GS Group as a whole, and in doing so have regards (amongst other matters) to:

a) the likely consequences of any decision in the long term;

b) the impact of the company's operations on the community and the environment; and

c) the desirability of the company to maintain a reputation for high standards of business conduct.

In meeting the requirements under section 172 of the Companies Act 2006 the Board is guided by the Code of Business Conduct and Ethics and the risk and governance framework of GS Group and considers the views of key stakeholders when making decisions that influence the company's current and future operations and reputation. The directors of the company receive information on a variety of topics that assist them in their oversight of the company's business.

7. Date of authorisation of issue

The strategic report was authorised for issue by the Board of Directors on 1 October 2020.

ON BEHALF OF THE BOARD

Richard Thomas

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2019.

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, as well as future outlook in accordance with section 414C(11) of the Companies Act 2006, that would otherwise have been reported in the directors' report. The directors have also chosen to make reference to the requirements of Section 172(1) in the strategic report in accordance with section 414C(11).

2. Dividends

The directors declared and paid an interim dividend of US$1,601.5 million (31 December 2018: US$nil). The directors do not recommend the payment of a final dividend in respect of the year (31 December 2018: 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 ought to have taken as a director to make himself 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 were:

Name
G. G. Olafson
J.A. Wiltshire
R. M. Thomas

No director had, throughout the year, 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 1 October 2020.

ON BEHALF OF THE BOARD

RThomas

Director

Richard Thomas

Independent auditors' report to the members of ELQ Holdings (UK) Ltd

Report on the audit of the financial statements

Opinion

In our opinion, ELQ Holdings (UK) Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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 2019; 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- 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.

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.

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 2019 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 Statement of directors' responsibilities 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.

Mike Wallace (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

2 October 2020

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2019

	Note	Year ended 31 December 2019 US$	Year ended 31 December 2018 US$
Income from shares in group undertakings	4	11,233,624	51,072,839
Interest receivable and similar income	5	6,170,090	66,810,214
Interest payable and similar expenses	6	-	(72,058,815)
Administrative expenses	7	(1,194,673)	(16,309,592)
OPERATING PROFIT		16,209,041	29,514,646
Gain on sale of subsidiary undertaking	11	934,870,254	-
PROFIT BEFORE TAXATION		951,079,295	29,514,646
Tax on profit	10	(58,967)	1,283,036
PROFIT FOR THE FINANCIAL YEAR		951,020,328	30,797,682

The 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 2019

	Note	31 December 2019 US$	31 December 2018 US$
FIXED ASSETS			
Investments	11	269,153,984	934,562,178
CURRENT ASSETS			
Debtors: Amounts falling due within one year	12	19,536,975	16,089,171
Debtors: Amounts falling due after more than one year	13	215,930,160	214,807,882
Cash at bank and in hand		2,194,155	3,587,657
		237,661,290	234,484,710
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(310,492)	(11,147,066)
NET CURRENT ASSETS		237,350,798	223,337,644
TOTAL ASSETS LESS CURRENT LIABILITIES		506,504,782	1,157,899,822
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(123,481,393)	(124,385,333)
NET ASSETS		383,023,389	1,033,514,489
CAPITAL AND RESERVES			
Called up share capital	16	218,992,629	818,992,629
Other reserves	17	-	42,228,235
Profit and loss account		164,030,760	172,293,625
TOTAL SHAREHOLDER'S FUNDS		383,023,389	1,033,514,489

The financial statements were approved by the Board of Directors on 1 October 2020 and signed on its behalf by:

Director

Richard Thomas

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Note	Called up share capital US$	Other reserves US$	Profit and loss account US$	Total shareholder's funds US$
Balance at 1 January 2018		818,992,629	42,228,235	141,495,943	1,002,716,807
Profit for the financial year		-	-	30,797,682	30,797,682
Balance at 31 December 2018		818,992,629	42,228,235	172,293,625	1,033,514,489
Share capital reduction	16	(600,000,000)	600,000,000	-	-
Profit for the financial year		-	-	951,020,328	951,020,328
Dividends	17	-	(642,228,235)	(959,283,193)	(1,601,511,428)
Balance at 31 December 2019		**218,992,629**	**-**	**164,030,760**	**383,023,389**

The directors declared and paid an interim dividend of US$1,601.5 million (31 December 2018: US$nil). The directors do not recommend the payment of a final dividend in respect of the year (31 December 2018: US$nil).

1. GENERAL INFORMATION

The company is a private company limited by shares 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 (DEL) LLC, a company incorporated and domiciled in Delaware in the United States of America.

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/investor-relations/.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention (modified as explained in note 2f) 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) IFRS 7 'Financial Instruments: Disclosures';

(iii) IFRS 13 'Fair Value Measurement' paragraphs 91-99;

(iv) 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);

(v) IAS 1 'Presentation of Financial Statements' paragraphs 10(d), 10(f), 16, 38A, 40A-D, 111;

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

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

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

(ix) 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 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. Dividends

Final 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 dividends are recognised and deducted from equity when paid.

c. 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 prevailing on the date the transaction occurred. Monetary assets and liabilities, denominated in foreign currencies are translated into U.S. dollars at rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses are recognised in the profit and loss account.

d. Fixed asset investments

Fixed asset investments comprises investments in subsidiary undertakings and is stated at cost less provision for any impairment.

e. Cash at bank and in hand

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

f. 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 if the company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but 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 assets 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.

The company classifies financial assets into financial assets measured at amortised cost 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 company's business model is to hold the assets to collect contractual cash flows and the cash flows represent solely payments of principal and interest. If these conditions were not met, the financial assets would be mandatorily measured at fair value through profit or loss.

2. ACCOUNTING POLICIES (continued)

f. Financial assets and financial liabilities (continued)

(ii) Classification and measurement (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.

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 and loss comprise amounts due to group undertakings. These financial liabilities are designed at fair value as the intercompany multi-currency 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.

(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.

2. ACCOUNTING POLICIES (continued)

g. 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.

h. Share capital

Ordinary share capital and redeemable equity are classified as equity.

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. In the opinion of management, there were no judgements, estimates or assumptions made that had a significant effect on amounts recognised in the financial statements.

4. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	Year ended 31 December 2019 US$	Year ended 31 December 2018 US$
Dividend income	11,233,624	51,072,839
	11,233,624	**51,072,839**

In the current year, the company received dividend income totalling US$11.2 million (2018: US$51.1 million) from subsidiary undertakings. This comprised US$10.4 million (2018: US$nil) from ELQ UK Properties Ltd, US$0.5 million (2018: US$nil) from Neon Acquisitions Limited and US$0.3 million (2018: US$2.5 million) from White Pillar Properties Limited. Additionally, in the prior year, dividends from subsidiary undertakings also included US$31.7 million from Falko SAS and US$16.8 million from ELQ Investors VII Ltd.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2019 US$	Year ended 31 December 2018 US$
Interest on loan due from group undertakings (see note 13)	2,220,238	62,880,588
Dividend on junior preferred shares (see note 12)	3,949,852	3,929,626
	6,170,090	**66,810,214**

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 December 2019 US$	Year ended 31 December 2018 US$
Interest on loan due to group undertakings (see note 15)	-	72,058,815
	-	**72,058,815**

7. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2019 US$	Year ended 31 December 2018 US$
Foreign exchange (gains)/losses	(121,546)	15,221
Management fees charged by group undertakings	-	6,184,105
Legal and professional fees	659,781	9,531,932
Auditors' remuneration - audit services	634,295	570,462
Other expenses	22,143	7,872
	1,194,673	**16,309,592**

8. 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 and no costs are borne by the company in the current year. In the prior year, the charges made by these group undertakings for all services provided were included in management fees charged by group undertakings.

9. 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 related to the qualifying services provided to the company.

10. TAX ON PROFIT

	Year ended 31 December 2019 US$	Year ended 31 December 2018 US$
Current tax:		
U.K. corporation tax	58,967	191,634
Adjustments in respect of prior periods	-	(1,474,670)
Total current tax charge/(credit)	**58,967**	**(1,283,036)**

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% (2018: 19%) to the profit before taxation.

	Year ended 31 December 2019 US$	Year ended 31 December 2018 US$
Profit before taxation	951,079,295	29,514,646
Profit multiplied by the weighted average rate in the U.K. of 19% (2018: 19%)	180,705,066	5,607,783
Non-taxable dividend income	(2,134,388)	(9,703,839)
Non-taxable dividend on junior preferred shares	(750,472)	(746,629)
Non-taxable gains on sale of subsidiary undertakings	(177,625,348)	-
Non-deductible expenses	64,336	728,109
Hybrid disallowance expenses	(156,296)	4,497,843
Exchange differences and other	7,518	2,095
Losses brought forward utilised this year	(51,449)	(193,728)
Adjustments in respect of prior periods	-	(1,474,670)
Total tax charge/(credit)	**58,967**	**(1,283,036)**

The company has carried forward losses of US$16.4 million for which no deferred tax asset has been recognised in the financial statements as there is uncertainty whether the company will generate suitable taxable profits in the future against which the deferred tax asset can be recovered.

11. FIXED ASSET INVESTMENTS

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

	Cost and net book value US$
At 1 January 2018	972,486,801
Additions	10,774,951
Distributions	(48,699,574)
At 31 December 2018	**934,562,178**
Additions	1,240,175
Disposals	(666,641,174)
Distributions	(7,195)
At 31 December 2019	**269,153,984**

During the year the following key additions, disposals and distributions took place:

(i) The company sold its investment in ELQ Investors VI Ltd for a total consideration of US$602.1 million to a fellow group undertaking, GLQ Holdings (UK) LTD, realising a gain of US$283.7 million.

(ii) The company sold its investment in ELQ Investors IX Ltd for a total consideration of US$999.4 million to a fellow group undertaking, GLQ Holdings (UK) LTD, realising a gain of US$651.1 million.

(iii) The company was allotted 1,300,000 ordinary shares of €1 each in Victor Acquisition Limited for a total consideration of €1.3 million (US$1.2 million).

(iv) The company received a distribution of US$0.007 million from Neon Acquisitions Limited. 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
ELQ Investors IV Ltd[1]	Investment company	100%	Ordinary shares
ELQ Investors VII Ltd[1]	Investment company	100%	Ordinary shares
GS Capital Funding (Cayman) Limited[9]	Investment company	100%	Ordinary shares
Victor Acquisitions Limited[1]	Investment company	100%	Ordinary shares
Falko SAS[3]	Dormant	100%	Ordinary shares
ELQ UK Properties Ltd[2]	In liquidation	99.92%	Ordinary shares
Neon Acquisitions Ltd[2]	In liquidation	99.86%	Ordinary shares
White Pillar Properties Limited[2]	In liquidation	99.92%	Ordinary shares

11. FIXED ASSET INVESTMENTS (continued)

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

Name of company	Nature of business	Proportion of nominal value held	Class of shares held
Ainscough Holdings Limited[1]	Investment company	100%	B shares, C shares, ordinary shares
Alcala Holding Ltd[1]	Investment company	100%	A shares
ELQ Investors III Ltd[1]	Investment company	100%	Ordinary shares
Fair Zero S.à.r.l.[4]	Investment company	100%	Ordinary shares
Fulham Riverside Property Limited[5]	Investment company	100%	Ordinary shares
Gateway Acquisitions APS[6]	Investment company	91.26%	Ordinary shares
GP Offices & Apartments S.R.L.[8]	Holds real estate	100%	Ordinary shares
GS Sapphire Holding Limited[1]	Investment company	100%	Ordinary shares
GS Sapphire Investment Limited[1]	Investment company	100%	Ordinary shares
Kensington Row Property Limited[5]	Investment company	100%	Ordinary shares
Riverstone Development Limited[5]	Investment company	100%	Ordinary shares
Riverstone Living Holdings Limited[5]	Investment company	99.72%	A2 ordinary shares
Riverstone Operations Limited [5]	Investment company	100%	Ordinary shares
Rodovre City 2 P/S[10]	Holds real estate	100%	Ordinary shares
Rodovre GP APS[10]	Holds real estate	100%	Ordinary shares
Rodovre JVCO APS[10]	Holds real estate	89.63%	A shares
Solar Investco S.à. r.l. [4]	Holds real estate	100%	Ordinary shares
Solar Holdco S.à r.l [4]	Investment Company	99%	Ordinary shares
Sviluppo Comparto 5 S.R.L.[8]	Hold real estate	100%	Ordinary shares
Yoram Limited[11]	Investment company	100%	Ordinary shares

Registered office address at:

[1] Plumtree Court, 25 Shoe Lane, London, EC4A 4AU, United Kingdom

[2] 15 Canada Square, London, E14 5GL, United Kingdom

[3] 78 Avenue Raymond Poincare, Paris, 75116, France

[4] 2 Rue de Fosse, L-1536, Luxembourg

[5] 55 Baker Street, London, W1U 7EU, United Kingdom

[6] Rued Langgards Vej8,5, 2300, Copenhagen, Denmark

[7] Roppongi Hills Mori Tower, 10-1 Roppongi 6-chome, Minato-ku, 106-6145m Tokyo, Japan

[8] Corso Vercelli 40, 20145, Milan, Italy

[9] P.O Box 309 Ugland House, KY1-1104, Cayman Islands

[10] Ostergade 1,1., 1100, Kobenhavn K, Denmark

[11] NCR Building, 6 Broad Street, 2000003, Lagos, Nigeria

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year ended 31 December 2019 US$	Year ended 31 December 2018 US$
Accrued interest due from group undertakings (see note 13)	75,517	509,581
Accrued dividend on junior preferred shares (see note 13)	11,173,010	7,223,158
Amounts due from group undertakings	7,778,172	6,974,383
Group relief receivable	-	1,360,284
Other debtors	510,276	21,765
	19,536,975	**16,089,171**

Amounts due from group undertakings includes US$nil (31 December 2018: US$2.1 million) in cash balances held on account by a fellow group undertaking.

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

	Year ended 31 December 2019 US$	Year ended 31 December 2018 US$
Long-term loan due from group undertakings	160,561,545	159,828,620
Junior preferred shares	48,000,000	48,000,000
Accrued interest on long-term loan due from group undertakings	7,368,615	6,979,262
	215,930,160	**214,807,882**

Long-term loan due from group undertakings comprises a loan of US$160.6 million (31 December 2018: US$159.8 million) advanced to Victor Acquisitions Limited, a subsidiary undertaking. The loan is unsecured and carries interest at a variable margin over the applicable currency's overnight interest rate with a final maturity of January 2038.

In a prior year, the company acquired 48,000,000 junior preferred shares of US$1 each in GS Capital Funding (Cayman) Limited for a total consideration of US$48.0 million. The preferred shares carry entitlement to cumulative cash dividends in priority to ordinary shareholders at a fixed margin over LIBOR and voting rights of 43.64%. The preferred shares are repayable in November 2022.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year ended 31 December 2019 US$	Year ended 31 December 2018 US$
Amounts due to group undertakings	290,847	5,931,814
Corporation tax payable	-	183,869
Group relief payable	19,645	-
Other creditors and accruals	-	5,031,383
	310,492	**11,147,066**

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

	Year ended 30 December 2019 US$	Year ended 31 December 2018 US$
Long-term loan due to group undertakings	123,481,393	122,543,907
Accrued interest due to group undertaking	-	1,841,426
	123,481,393	**124,385,333**

Long-term loan due to group undertakings comprises a loan of US$123.5 million (31 December 2018: US$122.5 million) advanced by Group Inc. with a final maturity of January 2048. 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 due to foreign exchange features embedded in this loan.

16. CALLED UP SHARE CAPITAL

At 31 December 2019 and 31 December 2018 called up share capital comprised:

	31 December 2019 No.	31 December 2019 US$	31 December 2018 No.	31 December 2018 US$
Allotted, called up and fully paid				
Ordinary shares of £1 each	1	2	1	2
Redeemable shares of US$1 each	218,992,627	218,992,627	818,992,627	818,992,627
		218,992,629		**818,992,629**

In the current year, the company reduced its share capital from US$818.9 million to US$218.9 million by cancelling 600,000,000 ordinary shares of US$1 each held by ELQ holdings Del LLC to create distributable reserves.

17. OTHER RESERVES

The company utilised the remaining reserves to pay interim dividends during the year.

18. DIVIDENDS PAID

	31 December 2019 US$	31 December 2018 US$
Interim dividend paid	1,601,511,428	-
	1,601,511,428	**-**

The company paid interim dividends of US$1,601.5 million (31 December 2018: US$nil) to its parent undertaking from distributable reserves created in current and prior years (see notes 16 and 17) and distributable profits available.

19. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments or contingencies outstanding at year end (31 December 2018: US$nil).

20. 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.

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 and currency risk.

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 was not significant as at 31 December 2019 and 31 December 2018.

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 2019, the company had no material net exposures to other currencies (31 December 2018: none).

The company manages its interest rate and currency risks as part of GS Group's risk management policy.

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 2019 and 31 December 2018. 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 2019, the company had no debtors past due (31 December 2018: 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.

21. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial liabilities mandatorily at fair value

Included within Creditors: Amounts falling due after more than one year, is an amount of US$123.5 million (31 December 2018: US$122.5 million) due to Group Inc. which represents a multi-currency facility with a final maturity in January 2048 where the arrangements contain embedded foreign exchange features. The company holds this liability as a level 2 financial liability.

The facility has the following maturities:

- Less than one month: US$1,546 (31 December 2018: US$41,212)
- More than one month but less than three months: US$3,092 (31 December 2018: US$82,423)
- More than three months but less than one year: US$13,917 (31 December 2018: US$370,904)
- More than one year but less than five years: US$74,222 (31 December 2018: US$1,978,156)
- Greater than five years: US$123,908,171 (31 December 2018: US$134,412,844)

The prior year comparatives have been restated to the correct maturities of the facility.

Financial liabilities not measured at fair value

All the remaining current financial liabilities are held at amortised cost. Given the short-term nature of these instruments, their carrying amounts in the balance sheet are a reasonable approximation of fair value.

22. POST BALANCE SHEET EVENTS

Since the balance sheet date there has been a global outbreak of a coronavirus disease (COVID-19) which has caused widespread disruption to financial markets and normal patterns of business activity across the world. At the date of signing the company had not incurred any material financial impact associated with COVID-19 however, in view of its evolving nature, it is not currently possible to estimate any potential future financial effects of COVID-19 on the company.

In June 2020, the company received US$250.6 million from its subsidiary undertaking Victor Acquisitions Ltd via a partial shareholder loan repayment, dividend repayment and share capital repayment. The company used the proceeds to pay a dividend to its parent undertaking of US$150.0 million using distributable reserves and repaid US$100.6 million of its long-term loan due to group undertaking.