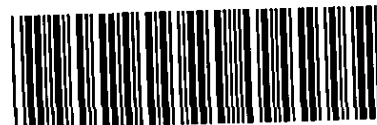


**GOLDMAN SACHS PROPERTY MANAGEMENT**  
(unlimited company)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**28 November 2008**

MONDAY



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# **GOLDMAN SACHS PROPERTY MANAGEMENT**

(unlimited company)

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## **REPORT OF THE DIRECTORS**

The directors present their report and the audited financial statements for the 52 week period ended 28 November 2008.

### **1. Principal activities**

The company is a property management company.

### **2. Review of business and future developments**

The profit and loss account for the period is set out on page 4. Profit on ordinary activities before taxation for the period was £6.5 million (53 week period ended 30 November 2007: £24.6 million). The company has reported total fixed assets of £553 million (30 November 2007: £497 million) and net assets of £44 million (30 November 2007: £41 million).

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

### **3. Dividend**

The company did not pay the period end preference dividend due to insufficient distributable reserves. The directors do not recommend the payment of an ordinary dividend in respect of the period (53 week period ended 30 November 2007: £nil).

### **4. Directors**

The directors of the company during the period, and as at the date of this report together with dates of appointment or resignation where applicable, were:

<b>Name</b>	<b>Appointed</b>	<b>Resigned</b>
S. Davies		15 January 2009
T. Smith		25 August 2009
J. R. Charnley		
D. W. McDonogh	20 February 2009	
M. J. Grimaldi	25 August 2009	

No director has, or had during the period, any interest requiring note herein.

### **5. Financial risk management**

The company's risk management objectives and policies, as well as its risk exposures, are described in note 19 of the financial statements.

# **GOLDMAN SACHS PROPERTY MANAGEMENT**

(unlimited company)

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## **REPORT OF THE DIRECTORS**

### **6. 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 (as defined in the Companies Act 1985) 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 (as defined) and to establish that the company's auditors are aware of that information.

### **7. Directors' responsibilities**

United Kingdom company law requires the directors to prepare accounts 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 accounts, the directors are required to:

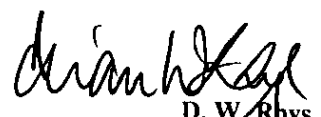
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

### **8. Auditors**

The company has passed Elective Resolutions in accordance with the Companies Act 1985 to dispense with the holding of annual general meetings, the laying of accounts and reports before general meetings and the annual reappointment of Auditors. PricewaterhouseCoopers LLP will, accordingly, continue in office as Auditors of the company pursuant to Section 386 of the Companies Act 1985.

BY ORDER OF THE BOARD

  
D. W. Rhys  
Secretary

9 September 2009

**Independent auditors' report to the members of  
GOLDMAN SACHS PROPERTY MANAGEMENT  
(unlimited company)**

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We have audited the financial statements of Goldman Sachs Property Management for the 52 week period ended 28 November 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 November 2008 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London 10 September 2009

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# GOLDMAN SACHS PROPERTY MANAGEMENT

(unlimited company)

## PROFIT AND LOSS ACCOUNT

for the 52 week period ended 28 November 2008

	Note	52 week period ended 28 November 2008 £'000	53 week period ended 30 November 2007 £'000
Turnover	1(e),4	197,421	199,649
Administrative expenses		(172,390)	(155,871)
<b>OPERATING PROFIT</b>	5	25,031	43,778
Interest receivable and similar income	6	164	108
Interest payable and similar charges	7	(18,695)	(19,265)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		6,500	24,621
Taxation on profit on ordinary activities	10	(3,916)	(9,225)
<b>PROFIT AFTER TAXATION AND FOR THE PERIOD</b>	17	<b>2,584</b>	<b>15,396</b>

The turnover and operating profit of the company are derived from continuing operations.

There is no difference between the profit on ordinary activities before taxation and the profit for the period as stated above and their historical cost equivalents.

The company had no recognised gains and losses other than those included in the profit for the period above, and therefore no separate statement of total recognised gains and losses has been presented.

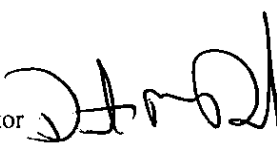
The notes on pages 6 to 12 form part of these financial statements.  
Independent auditors' report - page 3.

**GOLDMAN SACHS PROPERTY MANAGEMENT**  
(unlimited company)

**BALANCE SHEET**  
as at 28 November 2008

	Note	28 November 2008 £'000	30 November 2007 £'000
<b>FIXED ASSETS</b>			
Tangible fixed assets	11	553,485	496,593
<b>CURRENT ASSETS</b>			
Debtors	12	85,539	20,380
Cash at bank and in hand		3,060	1,213
		88,599	21,593
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	13	(82,819)	(46,830)
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		5,780	(25,237)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		559,265	471,356
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	14	(478,733)	(399,566)
<b>DEFERRED TAX</b>	15	(36,456)	(30,298)
<b>NET ASSETS</b>		<b>44,076</b>	<b>41,492</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	43,588	43,588
Share premium account	17	14,340	14,340
Profit and loss account	17	(13,852)	(16,436)
<b>TOTAL SHAREHOLDERS' FUNDS</b>	18	<b>44,076</b>	<b>41,492</b>

These financial statements were approved by the Board of Directors on 9 September 2009 and were signed on its behalf by

Director 

The notes on pages 6 to 12 form part of these financial statements.  
Independent auditors' report - page 3.

# GOLDMAN SACHS PROPERTY MANAGEMENT

(unlimited company)

## NOTES TO THE FINANCIAL STATEMENTS – 28 NOVEMBER 2008

### 1. ACCOUNTING POLICIES

- (a) **Accounting convention:** The financial statements have been prepared under the historical cost convention, the accounting policies set out below, and in accordance with applicable United Kingdom Law, applicable United Kingdom accounting standards and pronouncements of the Urgent Issues Task Force (UITF).
- (b) **Tangible fixed assets:** Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Costs that are directly attributable to the development of new business application software and which are incurred during the period are capitalised. Depreciation is provided on a straight-line basis over the estimated useful lives at the following annual rates:

	%
Fixtures and fittings excluding Artwork	14 – 20
Computer equipment and software	20 - 33 1/3

Leasehold improvements are depreciated over the shorter of the useful economic life of the asset or the remaining life of the lease when the asset is brought into use. No depreciation is charged on assets in the course of construction. Once assets are completed and brought into use, they are transferred to the appropriate depreciable category.

- (c) **Deferred taxation:** Full provision is made for deferred taxation in respect of all differences in timing between the accounting and tax treatments of income and expenses. The timing differences are recognised as deferred tax liabilities or assets, measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on rates and laws that have been enacted or substantially enacted by the balance sheet date. An asset is not recognised if the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities are not discounted.
- (d) **Foreign currencies:** Transactions denominated in foreign currencies are translated into sterling at rates of exchange ruling on the date the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Gains and losses on exchange are recognised in operating profit.
- (e) **Turnover:** Turnover includes management charges made to other group undertakings and is shown exclusive of VAT. Management charges are recognised in the period in which the services are provided to the respective group entity.
- (f) **Interest recognition:** Interest income and expense are recognised on an accrual basis.

### 2. CASH FLOW STATEMENT

The company is a greater than 90% subsidiary of The Goldman Sachs Group, Inc., and is therefore exempt from preparing a cash flow statement as required by FRS1 'Cash flow statements', as the ultimate parent company accounts are publicly available.

### 3. SEGMENTAL REPORTING

Turnover arises from charges made to other group undertakings. The directors manage the company's activities as a single business and accordingly no segmental analysis has been provided.

**GOLDMAN SACHS PROPERTY MANAGEMENT**  
(unlimited company)

**NOTES TO THE FINANCIAL STATEMENTS – 28 NOVEMBER 2008**

**4. *TURNOVER***

Turnover represents management charges made to other group undertakings. Included in turnover in the prior period is an exceptional amount of £19.63 million that was charged to group undertakings in respect of the years 2003 to 2006 following a review of the charging methodology for the prior periods.

**5. *OPERATING PROFIT***

	52 week period ended 28 November 2008 £'000	53 week period ended 30 November 2007 £'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	88,128	76,561
Loss on disposal of fixed assets	108	389
Auditors' remuneration: audit services	8	8

**6. *INTEREST RECEIVABLE AND SIMILAR INCOME***

	52 week period ended 28 November 2008 £'000	53 week period ended 30 November 2007 £'000
Interest on overnight deposits	164	108

**7. *INTEREST PAYABLE AND SIMILAR CHARGES***

	52 week period ended 28 November 2008 £'000	53 week period ended 30 November 2007 £'000
Interest on loan from parent undertaking	18,695	19,265

**8. *STAFF COSTS***

The company has no employees (2007: nil). All persons involved in the company's operations are employed by a group undertaking and no cost is borne by the company.



**GOLDMAN SACHS PROPERTY MANAGEMENT**  
(unlimited company)

**NOTES TO THE FINANCIAL STATEMENTS – 28 NOVEMBER 2008**

**9. DIRECTORS' EMOLUMENTS**

	52 week period ended 28 November 2008 £'000	53 week period ended 30 November 2007 £'000
Aggregate emoluments	1	2
	1	2

In accordance with the Companies Act 1985, directors' emoluments above represent the proportion of total emoluments paid or payable in respect of qualifying services only. Directors also receive emoluments for non-qualifying services which are not required to be disclosed. All directors are members of the defined contribution pension scheme and all directors are members of the defined benefit pension scheme. All directors have been granted shares in respect of long term incentive schemes.

No directors have exercised options.

**10. TAX ON PROFIT ON ORDINARY ACTIVITIES**

**(a) Analysis of tax charge in period:**

	52 week period ended 28 November 2008 £'000	53 week period ended 30 November 2007 £'000
<b>Current tax</b>		
Group relief (receivable)/ payable - current period	(2,242)	6,538
Group relief (receivable) - prior period	-	(225)
<b>Total current tax (see note 10(b))</b>	<b>(2,242)</b>	<b>6,313</b>
<b>Deferred tax</b>		
Provisions and other timing differences – current period	6,158	2,912
<b>Total deferred tax (see note 15)</b>	<b>6,158</b>	<b>2,912</b>
<b>Tax on profit on ordinary activities</b>	<b>3,916</b>	<b>9,225</b>

**(b) Factors affecting tax for the period:**

The current tax assessed for the period differs from the standard rate of corporation tax in the UK measured at 28.67% following the change in corporation tax rates from 1 April 2008 to 28% (30 November 2007: 30%). The differences are explained below:

	52 week period ended 28 November 2008 £'000	53 week period ended 30 November 2007 £'000
Profit on ordinary activities before tax	6,500	24,621
Profit on ordinary activities multiplied by standard rate in the UK 28.67% (30 November 2007: 30%)	1,864	7,386
Adjustments to tax charge in respect of previous periods	-	(225)
Expenses disallowed for the purposes of tax provision	24,929	22,616
Capital allowances	(29,035)	(23,464)
<b>Current tax (credit) / charge for the period</b>	<b>(2,242)</b>	<b>6,313</b>

**GOLDMAN SACHS PROPERTY MANAGEMENT**  
(unlimited company)

**NOTES TO THE FINANCIAL STATEMENTS – 28 NOVEMBER 2008**

**11. TANGIBLE FIXED ASSETS**

The movements in tangible fixed assets during the period were as follows:

	<b>Leasehold Improvements £'000</b>	<b>Fixtures &amp; Fittings £'000</b>	<b>Computer Equipment &amp; Software £'000</b>	<b>Assets in Course of Construction £'000</b>	<b>Total £'000</b>
<b>COST</b>					
At 30 November 2007	488,432	35,395	242,258	69,028	835,113
Additions	17,741	1,912	78,937	46,538	145,128
Disposals	-	(17,365)	(44,398)	-	(61,763)
At 28 November 2008	506,173	19,942	276,797	115,566	918,478
<b>DEPRECIATION</b>					
At 30 November 2007	158,627	25,939	153,954	-	338,520
Charge for the period	26,812	1,345	59,971	-	88,128
Disposals	-	(17,365)	(44,290)	-	(61,655)
At 28 November 2008	185,439	9,919	169,635	-	364,993
<b>NET BOOK VALUE</b>					
At 30 November 2007	329,805	9,456	88,304	69,028	496,593
At 28 November 2008	320,734	10,023	107,162	115,566	553,485

The directors have performed a reassessment of the current use of fixed assets. Accordingly, £17.4 million (2007: £11.6 million) of fixtures and fittings and £ 44.3million (2007: £75.1 million) of computer equipment have been deemed to be no longer in use within the business and have been written off in the current period.

**12. DEBTORS**

Debtors, all of which are due within one year of the balance sheet date, comprise:

	<b>28 November 2008 £'000</b>	<b>30 November 2007 £'000</b>
Amounts due from group undertakings	82,173	13,053
Prepayments and accrued income	3,011	2,301
Other debtors	355	5,026
	<b>85,539</b>	<b>20,380</b>

**GOLDMAN SACHS PROPERTY MANAGEMENT**  
(unlimited company)

**NOTES TO THE FINANCIAL STATEMENTS – 28 NOVEMBER 2008**

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	28 November 2008 £'000	30 November 2007 £'000
Amounts due to group undertakings	4,176	5,684
Amounts due to parent undertaking	67,803	31,517
Accruals	5,202	4,778
Other creditors and deferred income	5,205	4,363
Corporation tax payable	433	488
	<b>82,819</b>	<b>46,830</b>

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	28 November 2008 £'000	30 November 2007 £'000
Deferred income	18,276	19,450
Loan from parent undertaking	460,457	380,116
	<b>478,733</b>	<b>399,566</b>

Goldman Sachs Property Management has entered into loan facility agreements with The Goldman Sachs Group, Inc.. The company has advances of £298,100,000 (2007: £298,100,000) outstanding under an unsecured facility that carries interest at a margin over LIBOR. Advances may be drawn under this facility for any period up to November 2050. The company also has advances of £162,356,508 (2007: £82,015,936) outstanding under a non interest bearing facility which is repayable in September 2066. None of these advances are scheduled for repayment within the next year.

**15. DEFERRED TAX**

	28 November 2008 £'000
As at 30 November 2007	30,298
Charge for the period	6,158
As at 28 November 2008	<b>36,456</b>

	28 November 2008 £'000	30 November 2007 £'000
<b>Deferred tax provision attributable to:</b>		
Accelerated capital allowances	36,456	30,298

**GOLDMAN SACHS PROPERTY MANAGEMENT**  
(unlimited company)

**NOTES TO THE FINANCIAL STATEMENTS – 28 NOVEMBER 2008**

**16. SHARE CAPITAL**

At 28 November 2008 and 30 November 2007, share capital comprised:

	<b>28 November 2008</b>		<b>30 November 2007</b>	
	<b>No.</b>	<b>£'000</b>	<b>No.</b>	<b>£'000</b>
<b><u>Authorised</u></b>				
Ordinary shares of £1 each	5,000,000	5,000	5,000,000	5,000
'A' preference shares of £1 each	78,000,000	78,000	78,000,000	78,000
'B' preference shares of £0.01 each	150,000,000	1,500	150,000,000	1,500
		<b>84,500</b>		<b>84,500</b>
<b><u>Allotted, called up and fully paid</u></b>				
Ordinary shares of £1 each	10,000	10	10,000	10
'A' preference shares of £1 each	43,434,344	43,434	43,434,344	43,434
'B' preference shares of £0.01 each	14,398,947	144	14,398,947	144
		<b>43,588</b>		<b>43,588</b>

The preference shares carry limited voting rights and on a winding up the holders have a preferential right to return of capital together with any premium. Class 'A' preference shares have a fixed non-cumulative dividend payable at a rate of 0.5 pence per share per annum. Class 'B' preference shares have a fixed non-cumulative dividend payable at a rate of 8 pence per share per annum.

**17. SHARE PREMIUM ACCOUNT AND RESERVES**

	<b>Share Premium Account £'000</b>	<b>Profit &amp; Loss Account £'000</b>
At 30 November 2007	14,340	(16,436)
Profit for the period	-	2,584
At 28 November 2008	<b>14,340</b>	<b>(13,852)</b>

**18. RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDERS' FUNDS**

	<b>28 November 2008 £'000</b>	<b>30 November 2007 £'000</b>
Profit for the period	2,584	15,396
Net increase in shareholders' funds	2,584	15,396
Opening shareholders' funds	41,492	26,096
Closing shareholders' funds	<b>44,076</b>	<b>41,492</b>

# **GOLDMAN SACHS PROPERTY MANAGEMENT**

## **(unlimited company)**

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### **NOTES TO THE FINANCIAL STATEMENTS – 28 NOVEMBER 2008**

#### **19. FINANCIAL RISK MANAGEMENT**

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from current assets are not sufficient to fund the obligations arising from liabilities as they fall due. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the financial risks that the directors consider relevant to this company are market risk in relation to the replacement cost of fixed assets, interest rate risk and cash flow risk. The company, as part of a global group, adheres to global risk management policies and procedures.

The group seeks to monitor and control its risk exposure through a variety of separate, but complementary, financial, credit, operational, compliance and legal reporting systems and a number of committees are responsible for monitoring risk exposures and for general oversight of our risk management process. In addition, the group has in place a comprehensive set of cash flow and funding policies with the principal objective to be able to fund the company and enable its principal activities to continue.

#### **20. FINANCIAL COMMITMENTS**

As at 28 November 2008, the company had £5.1 million commitments for capital expenditure not provided for in the financial statements (30 November 2007: £34.2million).

#### **21. RELATED PARTY DISCLOSURES**

Under the terms of paragraph 3(c) of FRS 8, 'Related Party Disclosures', the company is exempt from disclosing transactions with fellow group companies. There were no other related party transactions requiring disclosure.

#### **22. ULTIMATE AND IMMEDIATE PARENT UNDERTAKINGS**

The ultimate and immediate parent undertaking, and the parent company of the group for which consolidated financial statements are prepared is The Goldman Sachs Group, Inc.. The principal place of business, from which copies of its accounts can be obtained is, 85 Broad Street, New York, NY 10004, United States of America. This company is incorporated in the United States of America. On 21 September 2008, The Goldman Sachs Group, Inc. became a bank holding company regulated by the Board of Governors of the Federal Reserves System under the U.S. Bank Holding Company Act of 1956.