

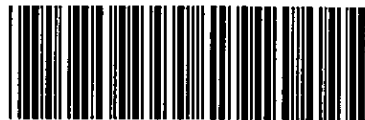
Company Number. 2432555

GOLDMAN SACHS PROPERTY MANAGEMENT

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2010

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GOLDMAN SACHS PROPERTY MANAGEMENT

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the 52 week period ended 31 December 2010

1. Principal activities

Goldman Sachs Property Management ('the company') holds fixed assets within properties in the United Kingdom and acts as the contracting party for various projects

2. Review of business and future developments

The financials statements have been drawn up for the 52 week period ended 31 December 2010. Comparative information has been presented for the 57 week period ended 31 December 2009.

The results for the period are shown in the profit and loss account on page 4. Profit on ordinary activities before taxation for the period was £4.49 million (57 week period ended 31 December 2009: £9.38 million). The company has total assets of £573.74 million (31 December 2009: £562.38 million).

The directors consider that the period end financial position of the company was satisfactory taking into account the support of the immediate parent undertaking (see note 1(e)).

3. Dividends

The company did not pay the period end fixed discretionary preferential dividend due to insufficient distributable reserves. The directors do not recommend the payment of an ordinary dividend in respect of the period (57 week period ended 31 December 2009: £nil).

4. Directors

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

Name	Appointed
J. R. Charnley	
D. W. McDonogh	
M. J. Grimaldi	
G. A. Wills	20 August 2010

No director had, at the period end, 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 16 to the financial statements.

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 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.

GOLDMAN SACHS PROPERTY MANAGEMENT

REPORT OF THE DIRECTORS (continued)

7. Auditors

Prior to 1 October 2007, the company passed an elective resolution under section 386 of the Companies Act 1985 to dispense with the annual reappointment of auditors. PricewaterhouseCoopers LLP will, accordingly, continue in office as auditors of the company pursuant to section 487(2) of the Companies Act 2006 and paragraph 44 of Schedule 3 to the Companies Act 2006 (Commencement No. 3 Consequential Amendment, Transitional Provisions and Savings) Order 2007.

8. Directors' responsibilities

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 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 accounts 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.

9. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 13 July 2011.

BY ORDER OF THE BOARD



D. W. Rhys
Secretary

13 July 2011

Independent Auditors' report to the members of Goldman Sachs Property Management

We have audited the financial statements of Goldman Sachs Property Management for the 52 week period ended 31 December 2010 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the directors' report the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Christopher Rowland (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

13 July 2011

GOLDMAN SACHS PROPERTY MANAGEMENT

PROFIT AND LOSS ACCOUNT

for the 52 week period ended 31 December 2010

		52 week period ended 31 December 2010	57 week period ended 31 December 2009
	Note	£'000	£'000
Turnover		170,914	179,658
Administrative expenses		(159,965)	(161,674)
OPERATING PROFIT	3	10,949	17,984
Interest receivable and similar income	4	-	1
Interest payable and similar charges	5	(6,461)	(8,609)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,488	9,376
Tax on profit on ordinary activities	8	(588)	(6,402)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL PERIOD	15	3,900	2,974

The operating profit of the company is derived from continuing operations in the current and prior periods

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

The notes on pages 6 to 12 form an integral part of these financial statements
Independent Auditors' report – page 3


GOLDMAN SACHS PROPERTY MANAGEMENT

BALANCE SHEET

as at 31 December 2010

	Note	31 December 2010 £'000	31 December 2009 £'000
FIXED ASSETS			
Tangible fixed assets	9	551,213	536,478
CURRENT ASSETS			
Debtors	10	21,566	25,683
Cash at bank and in hand		961	220
		22,527	25,903
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(37,623)	(58,563)
NET CURRENT LIABILITIES		(15,096)	(32,660)
TOTAL ASSETS LESS CURRENT LIABILITIES		536,117	503,818
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	(463,247)	(430,039)
DEFERRED TAX	13	(21,920)	(26,729)
NET ASSETS		50,950	47,050
CAPITAL AND RESERVES			
Called up share capital	14	43,588	43,588
Share premium	15	14,340	14,340
Profit and loss account	15	(6,978)	(10,878)
TOTAL SHAREHOLDER'S FUNDS	15	50,950	47,050

The financial statements were approved by the Board of Directors on 13 July 2011 and signed on its behalf by


 Director
 G A WILLS

The notes on pages 6 to 12 form an integral part of these financial statements
 Independent Auditors' report – page 3
 Company number 2432555

GOLDMAN SACHS PROPERTY MANAGEMENT

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

1. ACCOUNTING POLICIES

a Accounting convention

The financial statements have been prepared on a going concern basis, under the historical cost convention, the accounting policies set out below, in accordance with the Companies Act 2006 and applicable accounting standards

b. 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. Foreign exchange gains and losses are presented in the profit and loss account within administrative expenses

c Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and provision for any impairment. Assets in the course of construction are transferred to the appropriate depreciable category once completed and brought into use. No depreciation is charged on assets in the course of construction. Costs that are directly attributable to the development or improvement of new business application software and which are incurred during the period are capitalised. Depreciation is included in administrative expenses and is provided on a straight-line basis over the estimated useful lives at the following annual rates:

Fixtures, fittings and equipment	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. Depreciation policies are reviewed on an annual basis.

d. Other financial assets and liabilities

Other financial assets and liabilities primarily comprise amounts due to group undertakings and amounts due from undertakings. They are initially recognised at fair value and subsequently measured at amortised cost, with finance income and expense recognised on an accruals basis. All finance income and expense are recognised in the profit and loss account.

e. Going concern

The company has net current liabilities as at 31 December 2010. The principal current liability of the company represents management charges payable to a group undertaking. The immediate parent company has committed to ensuring the provision of sufficient funds to enable the company to meet its liabilities as they fall due. As a result, the directors have prepared these accounts on a going concern basis.

f. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future or a right to pay less tax in the future. 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 the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

GOLDMAN SACHS PROPERTY MANAGEMENT

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

1 ACCOUNTING POLICIES (continued)

g. Revenue recognition

Turnover comprises management charges made to other group undertakings excluding VAT. Management charges are recognised in the period in which the services are provided to the respective group undertaking.

h. Reporting and disclosure exemption

i. FRS1 - Cash flow statements

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

ii. FRS8 - Related party disclosures

The company is a wholly-owned subsidiary of The Goldman Sachs Group, Inc., whose consolidated accounts include the company and are publicly available. As a result, under the terms of paragraph 3(c) of FRS8 - Related party disclosures, the company is exempt from disclosing transactions with companies also wholly owned within the group. There were no other related party transactions requiring disclosure.

2. SEGMENTAL REPORTING

The directors manage the company's activities as a single business in the same geographical region and accordingly no segmental analysis has been provided.

3. OPERATING PROFIT

	52 week period ended 31 December 2010 £'000	57 week period ended 31 December 2009 £'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets (see note 9)	113,584	116,732
Foreign exchange losses	168	1,068
Auditors' remuneration - audit services	10	9
Loss on disposal of fixed assets	4	812

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 week period ended 31 December 2010 £'000	57 week period ended 31 December 2009 £'000
Interest on overnight deposits	-	1

5 INTEREST PAYABLE AND SIMILAR CHARGES

	52 week period ended 31 December 2010 £'000	57 week period ended 31 December 2009 £'000
Interest on loan payable to parent undertaking (see note 12)	6,461	8,608
Interest on overdraft	-	1
	6,461	8,609

GOLDMAN SACHS PROPERTY MANAGEMENT

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

6. STAFF COSTS

The company has no employees (31 December 2009 nil) All persons involved in the company's operations are employed by a group undertaking and no cost is borne by the company

7. DIRECTORS' EMOLUMENTS

	52 week period ended 31 December 2010 £'000	57 week period ended 31 December 2009 £'000
Aggregate emoluments	3	2

In accordance with the Companies Act 2006, 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 the defined benefit pension scheme All directors have been granted shares in respect of a long term incentive scheme No directors have exercised options

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

a. Analysis of tax charge for the period:

	52 week period ended 31 December 2010 £'000	57 week period ended 31 December 2009 £'000
Current tax.		
UK corporation tax	8,281	14,671
Group relief payable	995	1,458
Adjustments in respect of prior periods	(3,879)	-
Total current tax (see note (b) below)	5,397	16,129
Deferred tax:		
Provisions and other timing differences	(4,809)	(9,727)
Total deferred tax (see note 13)	(4,809)	(9,727)
Tax charge on profit on ordinary activities	588	6,402

GOLDMAN SACHS PROPERTY MANAGEMENT

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

8 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

b. Factors affecting tax charge for the period

The current tax assessed for the period differs from the standard rate of corporation tax in the UK of 28% (31 December 2009 28%) The differences are explained below

	52 week period ended 31 December 2010 £'000	57 week period ended 31 December 2009 £'000
Profit on ordinary activities before tax	4,488	9,376
Profit on ordinary activities multiplied by standard rate in the UK 28% (31 December 2009 28%)	1,256	2,625
Expenses disallowed for the purposes of tax provision	31,516	32,146
Capital allowances	(23,496)	(18,642)
Adjustment to tax in respect of prior periods	(3,879)	-
Current tax charge for the period	5,397	16,129

9. TANGIBLE FIXED ASSETS

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

	Leasehold improvements £'000	Fixtures & fittings £'000	Computer equipment & software £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 31 December 2009	571,363	14,531	319,421	54,294	959,609
Additions/ Transfers	12,520	821	97,574	17,801	128,716
Disposals	(24)	(8)	(40,125)	-	(40,157)
At 31 December 2010	583,859	15,344	376,870	72,095	1,048,168
Depreciation					
At 31 December 2009	222,188	5,744	195,199	-	423,131
Charge for the period	38,703	1,504	73,377	-	113,584
Disposals	(23)	(5)	(39,732)	-	(39,760)
At 31 December 2010	260,868	7,243	228,844	-	496,955
Net Book Value					
At 31 December 2010	322,991	8,101	148,026	72,095	551,213
At 31 December 2009	349,175	8,787	124,222	54,294	536,478

The directors have performed a reassessment of the current use of fixed assets. Accordingly, £39.26 million (31 December 2009 £51.90 million) of computer equipment and £nil (31 December 2009 £5.70 million) of fixtures and fittings have been deemed to be no longer in use within the business and have been written off in the current period.

GOLDMAN SACHS PROPERTY MANAGEMENT

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

10 DEBTORS

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

	31 December 2010	31 December 2009
	£'000	£'000
Amounts due from group undertakings	7,937	17,493
Group relief receivable	2,564	2,068
Corporation tax receivable	4,666	289
Prepayments and accrued income	1,137	1,457
Other debtors	5,262	4,376
	21,566	25,683

Amounts due from group undertakings includes cash balance of £3 04 million (31 December 2009 £10 49 million) held on account by a fellow group undertaking

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2010	31 December 2009
	£'000	£'000
Amounts payable to group undertakings	21,426	28,187
Amounts payable to parent undertaking	775	3,939
Accruals	4,084	4,515
Corporation tax payable	3,087	15,159
Group relief payable	5,488	5,354
Other creditors and deferred income	2,763	1,409
	37,623	58,563

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

	31 December 2010	31 December 2009
	£'000	£'000
Loan payable to parent undertaking	447,416	413,034
Deferred income	15,831	17,005
	463,247	430,039

Deferred income represents advance contributions received in respect of lease payments that are recognised over the life of the lease

The company entered into a loan facility agreement with The Goldman Sachs Group, Inc. The company has advances of £298 10 million (31 December 2009 £298 10 million) outstanding under an unsecured facility that accrues 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 £149 32 million (31 December 2009 £114 93 million) 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.

GOLDMAN SACHS PROPERTY MANAGEMENT

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

13. DEFERRED TAX

	31 December 2010 £'000	31 December 2009 £'000
Deferred tax balance comprises:		
Accelerated capital allowances	21,920	26,729

£'000

The movements in the deferred tax balance were as follows:

At 31 December 2009	26,729
Transfer to the profit and loss account for the period (see note 8)	(4,809)
At 31 December 2010	21,920

14. SHARE CAPITAL

At 31 December 2010 and 31 December 2009 share capital comprised

	31 December 2010 No	£'000	31 December 2009 No.	£'000
<u>Allotted, called up and fully paid</u>				
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
		43,588		43,588

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 discretionary preferential dividend payable at a rate of 0.5 pence per share per annum. Class 'B' preference shares have a fixed discretionary preferential dividend payable at a rate of 8 pence per share per annum.

15. RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDER'S FUNDS

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 31 December 2009	43,588	14,340	(10,878)	47,050
Profit for the financial period	-	-	3,900	3,900
At 31 December 2010	43,588	14,340	(6,978)	50,950

GOLDMAN SACHS PROPERTY MANAGEMENT

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

16. 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 financial 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 most important components of financial risk the directors consider relevant to the 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, mitigates this risk by the routine monitoring of key management information.

17. FINANCIAL COMMITMENTS

As at 31 December 2010, the company had £8.02 million commitments for capital expenditure not provided for in the financial statements (31 December 2009: £2.20 million).

18. ULTIMATE AND IMMEDIATE PARENT UNDERTAKINGS

The ultimate and immediate parent undertaking, and the parent company of the smallest and the 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 accounts can be obtained from 200 West Street, New York, NY 10282, United States of America, the group's principal place of business.