

GOLDMAN SACHS PROPERTY MANAGEMENT

(unlimited company)

ANNUAL REPORT

31 DECEMBER 2017



GOLDMAN SACHS PROPERTY MANAGEMENT

(unlimited company)

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2017.

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.

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 (Federal Reserve Board). 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.

2. Financial overview

The financial statements have been drawn up for the year ended 31 December 2017. Comparative information has been presented for the year ended 31 December 2016.

The results for the year are shown in the profit and loss account on page 6. Profit before taxation for the year ended 31 December 2017 was £6.9 million (31 December 2016: £5.6 million).

The company had total assets of £441.6 million (31 December 2016: £556.8 million).

3. Future outlook

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

4. Financial risk management

The company is exposed to financial risk through its financial assets and liabilities. 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, credit risk and liquidity risk. The company, as part of a global group, adheres to global risk management policies and procedures. The determination by the United Kingdom (U.K.) to exit the European Union (E.U.) could affect the manner in which the company conducts its business.

5. Date of Authorisation of Issue

The strategic report was authorised for issue by the Board of Directors on 5 July 2018.

ON BEHALF OF THE BOARD



Director
V.S. Chima

GOLDMAN SACHS PROPERTY MANAGEMENT

(unlimited company)

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2017.

1. Introduction

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

2. Dividends

The directors do not recommend the payment of a dividend in respect of the year (31 December 2016: £nil).

3. Disclosure of information to auditors

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

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each of the directors has taken all the steps that he / she ought to have taken as a director to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

4. Independent auditors

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.

5. Directors

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

Name	Appointed	Resigned
G.A. Wills		
M.C. Taylor	26 January 2017	
O. Dunne		
P.L. Monteiro		19 July 2017
V.S. Chima	19 July 2017	

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

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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 period which give a true and fair view of the state of affairs of the company 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;
- 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 5 July 2018.

ON BEHALF OF THE BOARD


Director
V.S. Chima

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

Report on the audit of the financial statements

Opinion

In our opinion, Goldman Sachs Property Management's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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 2017; 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 when:

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

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 on, 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.

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

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 2017 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 3, 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.

Ian Ross (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
6 July 2018

GOLDMAN SACHS PROPERTY MANAGEMENT
(unlimited company)

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2017

		Year Ended 31 December 2017	Year Ended 31 December 2016
	Note	£'000	£'000
Net revenues		134,408	146,714
Interest payable and similar expenses	5	(3,914)	(7,526)
Administrative expenses	6	(123,612)	(133,587)
PROFIT BEFORE TAXATION		6,882	5,601
Tax on profit	9	(6,240)	(5,584)
PROFIT FOR THE FINANCIAL YEAR		642	17

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

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

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


GOLDMAN SACHS PROPERTY MANAGEMENT
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BALANCE SHEET

as at 31 December 2017

	Note	31 December 2017 £'000	31 December 2016 £'000
FIXED ASSETS			
Intangible assets	10	59,433	107,264
Tangible assets	11	277,887	303,516
CURRENT ASSETS			
Debtors: Amounts falling due within one year	12	62,191	144,213
Deferred tax	13	7,996	1,107
Cash at bank and in hand		34,064	654
		104,251	145,974
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(28,115)	(36,610)
NET CURRENT ASSETS		76,136	109,364
TOTAL ASSETS LESS CURRENT LIABILITIES		413,456	520,144
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(202,878)	(460,209)
NET ASSETS		210,578	59,935
CAPITAL AND RESERVES			
Called up share capital	16	43,956	43,588
Share premium account		163,973	14,340
Profit and loss account		2,649	2,007
TOTAL SHAREHOLDER'S FUNDS		210,578	59,935

The financial statements were approved by the Board of Directors on 5 July 2018 and signed on its behalf by:


Director
V.S. Chima

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

Company number: 02432555

GOLDMAN SACHS PROPERTY MANAGEMENT
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STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

		Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholder's funds £'000
Balance at 1 January 2016		43,588	14,340	1,990	59,918
Profit for the financial year		-	-	17	17
Balance at 31 December 2016		43,588	14,340	2,007	59,935
Profit for the financial year		-	-	642	642
Proceeds from shares issued	16	368	149,633	-	150,001
Balance at 31 December 2017		43,956	163,973	2,649	210,578

No dividends were paid in 2017 and 2016.

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

GOLDMAN SACHS PROPERTY MANAGEMENT
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

1. GENERAL INFORMATION

The company is a private unlimited company and is incorporated and domiciled in England and Wales. The address of its registered office is Peterborough Court, 133 Fleet Street, London, EC4A, 2BB, United Kingdom.

The immediate parent undertaking is Goldman Sachs International Service Entities Holdings Limited, a company incorporated and domiciled in England and Wales.

The ultimate holding company and the parent company of the smallest and largest group for which consolidated financial statements are prepared is The Goldman Sachs Group, Inc. (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/shareholder/.

2. ACCOUNTING POLICIES

a. Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention 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(f), 16 and 40A-D;
- (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.

b. Dividends

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

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

2. ACCOUNTING POLICIES (continued)

c. Revenue recognition

Revenue has been disclosed instead of turnover as this more meaningfully reflects the nature and results of the company's activities. Revenue comprises of management charges and development fees charged to other group undertakings excluding VAT. Management charges are recognised in the year in which the services are provided to the respective group undertaking.

d. Foreign currencies

The company's financial statements are presented in British pounds, which is also the company's functional currency.

Transactions denominated in foreign currencies are translated into British pound at rates of exchange ruling on the date the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are translated into British pound at rates of exchange ruling at the balance sheet date. Foreign exchange gains and losses are recognised in the profit and loss account.

e. Intangible assets

Intangible assets are stated at historical cost less accumulated amortisation and provision for any impairment. Assets in the course of construction are transferred to the appropriate asset category once completed and ready for its intended use. No amortisation is charged on assets in the course of construction. Costs that are directly attributable to the development or improvement of new business application software are capitalised. Amortisation is included in administrative expenses and is provided on a straight-line basis over the following estimated useful life:

	<u>Years</u>
Computer software	3 - 5

Amortisation policies are reviewed on an annual basis.

f. Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation and provision for any impairment. Assets in the course of construction are transferred to the appropriate asset category once completed and ready for its intended use. No depreciation is charged on assets in the course of construction. Costs that are directly attributable to the development of qualifying fixed assets are capitalised. Depreciation is included in administrative expenses and is provided on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Computer equipment	3 - 5
Fixtures, fittings and equipment	5 - 7

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. Borrowing cost directly associated with the purchase or development of qualifying fixed assets is capitalised.

g. Cash at bank and in hand

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

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

2. ACCOUNTING POLICIES (continued)

h. Financial assets and liabilities

Financial assets and liabilities primarily comprise of amounts due from group undertakings, amounts due to group undertakings and other payables. They are initially recognised at fair value and are 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. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or if the company transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset. A financial liability is derecognised only when it is extinguished (i.e. when the obligation specified in the contract is discharged, is cancelled or expires).

i. Current and deferred tax

The tax expense for the year 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 country where the company operates and generates taxable income.

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 or a right to pay less tax in the future with the following exceptions:

- 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 are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

- Useful lives of fixed assets: the useful lives of the company's fixed assets represent a key judgement which impacts the value of depreciation charged to the profit & loss account. The useful lives of the asset categories which determine the value of depreciation charged are reviewed annually and are based on management's judgement and experience.

4. SEGMENTAL REPORTING

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

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 31 December 2017	Year Ended 31 December 2016
	£'000	£'000
Interest on loan from group undertaking (see note 15)	3,914	7,526

GOLDMAN SACHS PROPERTY MANAGEMENT
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

6. ADMINISTRATIVE EXPENSES

	Year Ended 31 December 2017	Year Ended 31 December 2016
	£'000	£'000
Depreciation and amortisation (see notes 10 and 11)	105,997	108,925
Foreign exchange (gains)	(50)	(12)
Auditors' remuneration - audit services	17	17
Loss on disposal of fixed assets	569	1,194
Other expenses	17,079	23,463
	<u>123,612</u>	<u>133,587</u>

7. 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.

8. DIRECTORS' EMOLUMENTS

The table below presents the company's directors' emoluments:

	Year Ended 31 December 2017	Year Ended 31 December 2016
	£'000	£'000
Aggregate emoluments	<u>1</u>	<u>1</u>

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. This total only includes the value of cash and benefits in kind, and does not include the value of equity awards in accordance with the provisions of schedule 5 of Statutory Instrument 2008/410. Directors also receive emoluments for non-qualifying services which are not required to be disclosed.

All directors are members of a defined contribution pension scheme. All directors have been granted Group Inc. shares in respect of long-term incentive scheme during the year. No director has exercised options during the year.

9. TAX ON PROFIT

	Year Ended 31 December 2017	Year Ended 30 December 2016
	£'000	£'000
Current tax:		
U.K. corporation tax	11,599	8,844
Adjustments in respect of previous periods	1,530	1,046
Total current tax	<u>13,129</u>	<u>9,890</u>
Deferred tax:		
Provisions and other timing differences	(6,889)	(4,146)
Effect of decreased U.K. corporate tax rates	-	(160)
Total deferred tax (see note 13)	<u>(6,889)</u>	<u>(4,306)</u>
Total tax on profit	<u><u>6,240</u></u>	<u><u>5,584</u></u>

GOLDMAN SACHS PROPERTY MANAGEMENT
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

9. TAX ON PROFIT (continued)

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 19.25% (31 December 2016: 20%) to the profit before taxation.

	Year Ended 31 December 2017 £'000	Year Ended 31 December 2016 £'000
Profit before taxation	6,882	5,601
Profit multiplied by the weighted average rate in the U.K. 19.25% (2016: 20%)	1,325	1,120
Changes in recognition and measurement of deferred tax assets	(3,544)	47
Expenses not deductible for tax purposes	6,929	3,531
Effect of change in U.K. corporate tax rates	-	(160)
Adjustments in respect of prior periods	1,530	1,046
Total tax on profit	6,240	5,584

Expenses not deductible for tax purposes primarily include depreciation on assets for which no capital allowances are available.

10. INTANGIBLE ASSETS

The movements in intangible fixed assets during the year were as follows:

	Computer software £'000	Assets under development £'000	Total £'000
Cost			
At 1 January 2017	130,874	44,007	174,881
Additions/Transfers	34,320	(37,912)	(3,592)
Disposals	(61,119)	-	(61,119)
At 31 December 2017	104,075	6,095	110,170
Accumulated amortisation			
At 1 January 2017	67,617	-	67,617
Charge for year	43,901	-	43,901
Disposals	(60,781)	-	(60,781)
At 31 December 2017	50,737	-	50,737
Net Book Value			
At 31 December 2017	53,338	6,095	59,433
At 31 December 2016	63,257	44,007	107,264

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

10. INTANGIBLE ASSETS (continued)

On 30 June 2015, Group Inc. has entered into an agreement with its affiliates, which governs the development, ownership, cost allocation and usage of the intellectual property. Pursuant to the terms of the agreement, intellectual property assets are owned by a group undertakings.

Reassessment of the current use of fixed assets is performed periodically. Accordingly, £59.7 million (31 December 2016: £74.2 million) of computer software, have been deemed to be no longer in use within the business and have been written off in the current year.

11. TANGIBLE ASSETS

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

	Leasehold improvements	Fixtures & fittings	Computer equipment	Assets under development	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2017	598,057	19,771	166,628	34,610	819,066
Additions	2,252	-	18,566	15,988	36,806
Transfers	-	(38)	(403)	-	(441)
Disposals	(5,719)	(1,869)	(27,358)	-	(34,946)
At 31 December 2017	594,590	17,864	157,433	50,598	820,485
Accumulated depreciation					
At 1 January 2016	376,648	12,652	126,250	-	515,550
Charge for the year	47,067	1,983	13,046	-	62,096
Disposals	(5,719)	(1,639)	(27,358)	-	(34,716)
Transfers	-	(20)	(312)	-	(332)
At 31 December 2017	417,996	12,976	111,626	-	542,598
Net book value					
At 31 December 2017	176,594	4,888	45,807	50,598	277,887
At 31 December 2016	221,409	7,119	40,378	34,610	303,516

The amount of borrowing cost capitalised for the year ended 31 December 2017 is £0.3 million (31 December 2016: £0.3 million) using a weighted average interest rate of 1.07 percent per annum (31 December 2016: 1.83 percent per annum).

Reassessment of the current use of fixed assets is performed periodically. Accordingly, £5.7 million (31 December 2016: £6.9 million) of leasehold improvements, £1.6 million (31 December 2016: £4.6 million) of fixtures and fittings and £27.4 million (31 December 2016: £12.1million) of computer equipment have been deemed to be no longer in use within the business and have been written off in the current year.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

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

	31 December 2017	31 December 2016
	£'000	£'000
Amounts due from group undertakings	61,295	143,935
Prepayments and-accrued income	638	278
Other debtors	258	-
	<u>62,191</u>	<u>144,213</u>

Amounts due from group undertakings includes a cash balance of £0.2 million (31 December 2016: £0.2 million) held on account by a fellow group undertaking.

13. DEFERRED TAX

	31 December 2017	31 December 2016
	£'000	£'000
Deferred tax asset balance comprises:		
Depreciation in excess of capital allowances	<u>7,996</u>	<u>1,107</u>

The movements in the deferred tax balance were as follows:

At 1 January 2016	(3,199)
Credited to the profit and loss account (see note 9)	4,306
At 31 December 2016	1,107
Credited to the profit and loss account (see note 9)	6,889
At 31 December 2017	<u><u>7,996</u></u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2017	31 December 2016
	£'000	£'000
Corporation tax payable	3,750	4,888
Accruals	3,407	12,322
Amounts due to ultimate parent undertaking	606	11,022
Other creditors and deferred income	7,788	6,371
Group relief payable	10,260	-
Amounts due to group undertakings	2,304	2,007
	<u>28,115</u>	<u>36,610</u>

GOLDMAN SACHS PROPERTY MANAGEMENT
(unlimited company)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

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

	31 December 2017	31 December 2016
	£'000	£'000
Loan payable to group undertaking	194,583	451,420
Interest payable to group undertaking	680	-
Deferred income	7,615	8,789
	<u>202,878</u>	<u>460,209</u>

During the year, the company terminated its existing loan facility with Group Inc. and entered into a new loan agreement with Goldman Sachs Funding LLC dated 21 June 2017. The company has advances of £194.6 million (31 December 2016: £298.5 million) outstanding under an unsecured facility that accrues interest at a variable margin over the U.S. Federal Reserve's federal fund rate. The company also has advances of £nil (31 December 2016: £152.9 million) outstanding under a non-interest bearing facility. The loan is repayable at the earlier of 367 days from when the lender demands repayment or 21 June 2041. None of these advances are scheduled for repayment within the next year.

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

16. CALLED UP SHARE CAPITAL

At 31 December 2017 and 31 December 2016, called up share capital comprised:

	31 December 2017		31 December 2016	
	No.	£'000	No.	£'000
<u>Allotted, called up and fully paid</u>				
Ordinary shares of £1 each	377,554	378	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
		<u>43,956</u>		<u>43,588</u>

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.

On 1 December 2016, 10,000 ordinary shares of £1 each, 43,434,344 class 'A' preference shares of £1 each and 14,398,947 class 'B' preference shares of £0.01 each were transferred by Group Inc. to Goldman Sachs International Service Entities Holdings Limited at par value.

On 30 June 2017, 367,554 ordinary shares of £1 each were issued to Goldman Sachs International Service Entities Holdings Limited at a premium.

17. FINANCIAL COMMITMENTS

The company had £157.2 million of commitments for capital expenditure not provided for in the financial statements at 31 December 2017 (31 December 2016: £163.7 million).