Company Number: 09542188

VICTOR ACQUISITIONS LIMITED

ANNUAL REPORT

31 DECEMBER 2016

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2016. A strategic report has not been prepared as the company is entitled to the small companies exemption under section 414B of the Companies Act 2006.

1. Introduction

The principal activity of the company is to hold investments in subsidiary undertakings which hold investments in 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 financial holding company regulated by the Board of Governors of the Federal Reserve System (Federal Reserve Board). Group Inc., together with its consolidated subsidiaries, form 'the group'. The 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 Euro environment. Accordingly, the company's functional currency is the Euro and these financial statements have been prepared in that currency.

2. Financial overview

The financial statements have been drawn up for the 52 week period ended 31 December 2016. Comparative information has been presented for the 38 week period ended 31 December 2015.

The results for the year are shown in the profit and loss account on page 6. Profit before taxation for the 52 week period ended 31 December 2016 was €2.4 million (38 week period ended 31 December 2015: loss before taxation of €0.8 million).

The company has total assets of €101.3 million (31 December 2015: €87.1 million).

During the year, the company issued 2,504,146 ordinary shares of €1 each to its parent, ELQ Holdings (UK) Ltd.

Post balance sheet events

Subsequent to the year end, in January 2017, the company issued 12,296,714 ordinary shares of €1 each to its parent, ELQ Holdings (UK) Ltd.

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. Dividends

The directors do not recommend the payment of a dividend in respect of the year (31 December 2015: nil).

5. Exchange rate

The British pound / Euro exchange rate at the balance sheet date was £ / € 1.1707 (31 December 2015: £ / €1.3557). The average rate for the period was £ / € 1.2175 (31 December 2015: £ / € 1.3883).

6. Financial risk management

The company's financial risk management objectives and policies, as well as its risk exposures, are described in note 18 of the financial statements. The determination by the U.K. to exit the E.U. could affect the manner in which the company conducts its business.

DIRECTORS' REPORT (continued)

7. 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.

8. Independent auditors

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

9. Directors

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

Name	Appointed
F. Grena	
J. A. Wiltshire	
M. Holmes	7 September 2016

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

10. Statement of directors' responsibilities

The directors are responsible for preparing 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 year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. 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.

DIRECTORS' REPORT (continued)

11. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 16 June 2017.

BY ORDER OF THE BOARD

Jim Wiltshire

Director

Report on the financial statements

Our opinion

In our opinion, Victor Acquisitions Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year 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.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the balance sheet as at 31 December 2016;
- the profit and loss account for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemption

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 2, 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 & Ireland) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK and Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' Report, we consider whether this report include the disclosures required by applicable legal requirements.

John Wei (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 June 2017

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2016

	Note	52 week period ended 31 December 2016 EUR	38 week period ended 31 December 2015 EUR
Interest receivable and similar income	5	3,521,549	936,873
Interest payable and similar charges	6	(1,219,543)	(870,398)
Administrative income / (expenses)	7	97,844	(912,854)
PROFIT / (LOSS) BEFORE TAXATION		2,399,850	(846,379)
Tax on profit / (loss)	10	(492,968)	(9,753)
PROFIT / (LOSS) FOR THE FINANCIAL PERIOD		1,906,882	(856,132)

The profit / (loss) of the company is derived from continuing operations in the current and prior periods.

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

BALANCE SHEET

as at 31 December 2016

	Note	31 December 2016 EUR	31 December 2015 EUR
FIXED ASSETS			
Investments	11	6,376,649	1,596,778
CURRENT ASSETS			
Debtors: Amounts falling due within one year	12	4,458,422	84,481,894
Debtors: Amounts falling due after more than one year	13	89,621,047	-
Cash at bank and in hand		802,459	976,815
		94,881,928	85,458,709
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(782,684)	(922,601)
NET CURRENT ASSETS		94,099,244	84,536,108
TOTAL ASSETS LESS CURRENT LIABILITIES		100,475,893	86,132,886
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(75,391,341)	(65,459,362)
NET ASSETS		25,084,552	20,673,524
CAPITAL AND RESERVES			
Called up share capital	16	24,033,802	21,529,656
Profit and loss account		1,050,750	(856,132)
TOTAL SHAREHOLDERS' FUNDS		25,084,552	20,673,524

The financial statements were approved by the Board of Directors on 16 June 2017 and signed on its behalf by:

JIM WILTSHIRE Director

The accompanying notes are an integral part of these financial statements.
Company number: 09542188

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2016

	Note	Called up Share capital EUR	Profit and Loss account EUR	Total Shareholders' fund EUR
Balance at 14 April 2015		-	-	-
Loss for the financial period		-	(856,132)	(856,132)
Proceeds from shares issued		21,529,656	-	21,529,656
Balance at 31 December 2015		**21,529,656**	**(856,132)**	**20,673,524**
Profit for the financial year		-	1,906,882	1,906,882
Proceeds from shares issued	16	2,504,146	-	2,504,146
Balance at 31 December 2016		**24,033,802**	**1,050,750**	**25,084,552**

No dividends were paid in 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

1. GENERAL INFORMATION

The company is a limited liability 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 ELQ Holdings (UK) Ltd, a company incorporated and domiciled in England and Wales.

The ultimate parent undertaking and the parent company of 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 consolidated financial statements can be obtained from Investor Relations, 200 West Street, New York, NY 10282, United States of America, or at www.goldmansachs.com/shareholders/.

2. ACCOUNTING POLICIES

a. Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with FRS 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' paragraphs 45(b) and 46 to 52. These disclosures are provided in the consolidated financial statements of Group Inc.;

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

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

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

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

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

(vii) IAS 24 'Related Party Disclosures' requirements to disclose transactions with companies also wholly owned within the group; and

(viii) IFRS 7 'Financial Instruments: Disclosures'.

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. In addition, the company has taken the exemption from IFRS 7 'Financial Instruments: Disclosures' as the company is a non financial institution.

2. ACCOUNTING POLICIES (continued)

b. Foreign currencies

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

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

c. Fixed asset investments

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

d. Cash at bank and in hand

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

e. Financial assets and financial liabilities

(i) Recognition and derecognition

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).

(ii) Classification and measurement

Financial assets comprise all of the company's current assets and financial liabilities comprise all of the company's creditors.

The company classifies its financial assets and 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.

- **Loans and receivables and financial liabilities measured at amortised cost**

  Loans and receivables and financial liabilities measured at amortised cost are initially recognised at fair value and are subsequently remeasured at amortised cost, with finance income and expense recognised on an accruals basis. All finance income and expense is recognised in the profit and loss account.

2. ACCOUNTING POLICIES (continued)

e. Financial assets and financial liabilities (continued)

(iii) Offsetting financial assets and financial liabilities

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

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

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

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

f. 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 substantially 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 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 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 temporary differences can be deducted.

- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which temporary differences 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. In the opinion of management, there were no judgements made that had a significant effect on amounts recognised in the financial statements

4. 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.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 week period ended 31 December 2016 EUR	38 week period ended 31 December 2015 EUR
Interest income on loans to group undertakings	3,521,549	936,873

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	52 week period ended 31 December 2016 EUR	38 week period ended 31 December 2015 EUR
Interest expense on loans from group undertakings	**1,219,543**	**870,398**

7. ADMINISTRATIVE (INCOME) / EXPENSES

	52 week period ended 31 December 2016 EUR	38 week period ended 31 December 2015 EUR
Legal and professional fees	(61,339)	895,141
Auditors' remuneration - audit services	14,610	17,713
Bank charges	303	-
Foreign exchange (gains)/losses	(51,418)	-
	(97,844)	**912,854**

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.

9. DIRECTORS' EMOLUMENTS

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

	52 week period ended 31 December 2016 EUR	38 week period ended 31 December 2016 EUR
Aggregate emoluments	1,390	743
Company pension contributions to money purchase schemes	23	11
	1,413	**754**

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.

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

10. TAX ON PROFIT/(LOSS)

	52 week period ended 31 December 2016 EUR	38 week period ended 31 December 2015 EUR
Current tax:		
UK corporation tax	492,968	9,753
Total current tax	**492,968**	**9,753**

The table below presents a reconciliation between tax on profit/(loss) and the amount calculated by applying the weighted average rate of U.K. corporation tax applicable to the company for the year of 20% (38 week period 2015 of 20%) to the profit/(loss) before taxation.

	52 week period ended 31 December 2016 EUR	38 week period ended 31 December 2015 EUR
Profit/(loss) before taxation	2,399,850	(846,379)
Profit/(loss) multiplied by the weighted average rate in the U.K. of 20% (2015: 20%)	479,970	(169,276)
Permanent differences	12,998	179,029
Total tax charge for the period	**492,968**	**9,753**

11. FIXED ASSET INVESTMENTS

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

a. Shares in subsidiary undertakings

	Cost EUR	Provisions for impairment EUR	Net book Value EUR
At 14 April 2015	-	-	-
Additions	1,596,778	-	1,596,778
At 31 December 2015	**1,596,778**	-	**1,596,778**
Additions	4,779,871	-	4,779,871
At 31 December 2016	**6,376,649**	-	**6,376,649**

In May 2016, the company diluted its interest by approximately 8% in both the subsidiary undertakings as a result of a third party investment. Prior to the dilution of interest the company owned 100% interest in both subsidiary undertakings.

During the 52 week period ended 31 December 2016, the company invested share premium of €4,547,241 in GP Offices & Apartments S.r.l. and € 232,630 in Sviluppo Comparto 5 S.r.l.

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	Holding and proportion of voting rights	Class shares held
Sviluppo Comparto 5 S.r.l.	Real estate investment Company	92.33%	Ordinary shares
GP Offices & Apartments S.r.l.	Real estate investment Company	92.43%	Ordinary shares

The registered office for both subsidiaries is Foro Buonaparte, 70, Milano 20121, Italy

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2016 EUR	31 December 2015 EUR
Loan receivable due from group undertakings (see note 13)	-	82,008,619
Interest on loan receivable due from group undertakings	4,458,422	936,873
Amounts owed by group undertakings	-	1,536,402
	4,458,422	**84,481,894**

Amounts owed by group undertakings represents cash balances held on account by a fellow group undertaking.

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

	31 December 2016	31 December 2015
	EUR	EUR
Long-term loans due from group undertakings	**89,621,047**	-

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

- €46,628,478 receivable from GP Offices & Apartments S.r.l. represents a Euro denominated long term loan with a final maturity of May 2021. For the period until 4 May 2016, the interest rate was calculated on a base margin of 2% plus 6 months EURIBOR base rate, from 5 May 2016 interest rate is fixed as at 4% for senior loan and 7% for junior loan; and

- €42,992,569 from Sviluppo Comparto 5 S.r.l. represents a Euro denominated long term loan with a final maturity of May 2021. For the period until 4 May 2016, the interest rate was calculated on a base margin of 2% plus 6 months EURIBOR base rate, from 5 May 2016 interest rate is fixed as at 4% for senior loan and 7% for junior loan.

During the year the shareholder agreement was extended to May 2021 and as a result the loans due from group undertakings have been classified as debtors amounts falling due after more than one year (see note 12).

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2016	31 December 2015
	EUR	EUR
Amounts due to group undertakings	430,657	503,517
Corporation tax payable	343,598	9,753
Accruals	8,429	409,331
	782,684	**922,601**

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

	31 December 2016	31 December 2015
	EUR	EUR
Long-term loan payable to group undertakings	**75,391,341**	**65,459,362**

Long-term loan payable to group undertakings represents a long term facility with a final maturity of May 2064. Interest accrued during the period is within a range of -7.04% to 2.11% in accordance with the policy of the group on intercompany loans.

16. CALLED UP SHARE CAPITAL

At 31 December 2016 and 31 December 2015 share capital comprised:

	31 December 2016		31 December 2015	
	No.	EUR	No.	EUR
Authorised, called up and unpaid				
Ordinary Shares of £ 1 each	1	1	1	1
Allotted, called up and fully paid				
Ordinary Shares of € 1 each	24,033,801	24,033,801	21,529,655	21,529,655
		24,033,802		**21,529,656**

During the year the company issued 2,504,146 ordinary shares of EUR 1 each at par to its immediate parent ELQ Holdings (UK) Ltd.

Share capital issued is translated at the historic rates prevailing on the date of issuance.

17. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments or contingencies outstanding at the year end (31 December 2015: € nil).

18. 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 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.

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 manages its market risk and interest rate risk as part of the 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 2016 and 31 December 2015.

18. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (continued)

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 the group's comprehensive and conservative set of liquidity and funding policies to address both company specific and broader industry or market liquidity events.

19. POST BALANCE SHEET EVENTS

Subsequent to the year end, in January 2017, the company issued 12,296,714 ordinary shares of €1 each to its parent, ELQ Holdings (UK) Ltd.