

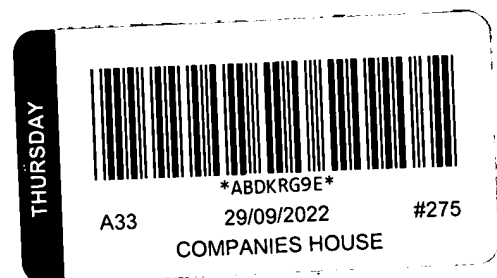
Company Number: 02432555

GOLDMAN SACHS PROPERTY MANAGEMENT

(unlimited company)

ANNUAL REPORT

31 DECEMBER 2021



GOLDMAN SACHS PROPERTY MANAGEMENT

(unlimited company)

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2021.

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 also holds leases for data centres.

The company's ultimate parent undertaking and controlling entity is The Goldman Sachs Group, Inc. (Group Inc.). Group Inc. is a bank holding company and a financial holding company regulated by the Board of Governors of the Federal Reserve System. In relation to the company, 'group undertaking' means Group Inc. or any of its subsidiaries. Group Inc., together with its consolidated subsidiaries, form 'GS Group'. GS Group is a leading global financial institution that delivers a broad range of financial services across investment banking, securities, investment management and consumer banking to a large and diversified client base that includes corporations, financial institutions, governments and individuals.

The company primarily operates in a British Pound environment. Accordingly, the company's functional currency is the British Pound and these financial statements have been prepared in that currency.

2. Financial overview and key performance indicators

The financial statements have been drawn up for the year ended 31 December 2021. Comparative information has been presented for the year ended 31 December 2020.

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

The results for the year are shown in the profit and loss account on page 8. Profit before taxation for the year ended 31 December 2021 was £4.6 million (year ended 31 December 2020: £3.3 million).

The company had total assets of £410.3 million as at 31 December 2021 (31 December 2020: £429.4 million) and total liabilities of £189.0 million as at 31 December 2021 (31 December 2020: £212.9 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. Developments that may impact the company include:

Russian invasion of Ukraine

The Russian invasion of Ukraine in February 2022 has resulted in governments around the world introducing significant sanctions on Russian entities and individuals, and triggered disruption across global financial markets and increased uncertainty in the business environment in which the company operates.

At the date of signing the company had not incurred any material financial impact associated with the war. The future impact of the war on the company remains difficult to predict.

COVID-19

The company has not incurred any material financial impact associated with COVID-19 and on the basis that no significant changes in its activities are expected. The directors do not foresee any future impact.

GOLDMAN SACHS PROPERTY MANAGEMENT
(unlimited company)

STRATEGIC REPORT (continued)

4. Principal risks and uncertainties

The directors consider that the most important components of the company's financial risk are market risk, credit risk and liquidity risk. The company is also exposed to risk of decline in value of its certain assets, primarily fixed assets. The company also has limited exposure to operational, legal, regulatory and compliance risks. The company, as part of a global group, adheres to global risk management policies and procedures.

5. Principal decision making and stakeholder engagement

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

- a) the likely consequences of any decision in the long term;
- b) the need to foster the company's business relationships with suppliers, customers and others;
- c) the impact of the company's operations on the community and the environment;
- d) the desirability of the company to maintain a reputation for high standards of business conduct; and
- e) the need to act fairly as between members of the company.

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

6. Date of Authorisation of Issue

The strategic report was authorised for issue by the Board of Directors on 23 September 2022.

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 2021.

1. Introduction

In accordance with section 414A of the Companies Act 2006, the directors have prepared a strategic report, which contains a review of the company's businesses and a description of the principal risks and uncertainties facing the company. The directors have chosen to make reference to the company's risk management objectives and policies, as well as exposures to market risk, credit risk and liquidity risk in the strategic report, as well as future outlook in accordance with section 414C(11) of the Companies Act 2006, that would otherwise have been reported in the Directors' report. The directors have also chosen to make reference to the requirements of Section 172(1) in the strategic report in accordance with section 414C(11).

2. Dividends

The directors do not recommend the payment of a dividend in respect of the year (31 December 2020: £0.0).

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

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

5. Directors

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

Name
M.C. Taylor
O. Dunne
V.S. Chima

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

GOLDMAN SACHS PROPERTY MANAGEMENT
(unlimited company)

DIRECTORS' REPORT (continued)

6. Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

No energy usage has been attributed to the company during the year and, as such, the company is not required to provide disclosure prescribed by part 7 of Schedule 7 (disclosure concerning greenhouse gas emissions) of S.I. 2008/410.

7. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 23 September 2022.

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 2021 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: Balance Sheet as at 31 December 2021; Profit and Loss account and 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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 in respect of the financial statements, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to United Kingdom tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and corporate tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Assessing management's controls designed to prevent and detect fraud in financial reporting;
- Assessing matters reported on the company's whistleblowing helpline and the results of management's investigation of such matters;
- Identifying and testing journal entries, in particular any journal entries posted by senior management;
- Testing of information security controls relating to system access and change management; and
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

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

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.

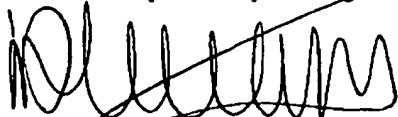
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained 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.



Hannah Solway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 September 2022

GOLDMAN SACHS PROPERTY MANAGEMENT
(unlimited company)

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2021

		Year ended 31 December 2021	Year ended 31 December 2020
	Note	£'000	£'000
Revenue		96,733	93,465
Administrative expenses	4	(90,775)	(87,086)
Interest payable and similar expenses	5	(1,393)	(3,092)
PROFIT BEFORE TAXATION		4,565	3,287
Tax on profit	8	206	1,070
PROFIT FOR THE FINANCIAL YEAR		4,771	4,357

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
(unlimited company)

BALANCE SHEET

as at 31 December 2021

	Note	31 December 2021 £'000	31 December 2020 £'000
FIXED ASSETS			
Intangible assets	9	24	541
Tangible assets	10	336,399	360,335
Right-of-use assets	11	20,957	25,852
CURRENT ASSETS			
Debtors: Amounts falling due within one year	12	32,112	14,979
Deferred tax	13	7,183	10,892
Cash at bank and in hand		13,649	16,812
		52,944	42,683
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(24,904)	(23,950)
NET CURRENT ASSETS		28,040	18,733
TOTAL ASSETS LESS CURRENT LIABILITIES		385,420	405,461
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(164,096)	(188,908)
NET ASSETS		221,324	216,553
CAPITAL AND RESERVES			
Called up share capital	16	43,956	43,956
Share premium account		163,973	163,973
Profit and loss account		13,395	8,624
TOTAL SHAREHOLDERS' FUNDS		221,324	216,553

The financial statements were approved by the Board of Directors on 23 September 2022 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
(unlimited company)

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 1 January 2020	43,956	163,973	4,267	212,196
Profit for the financial year	-	-	4,357	4,357
Balance at 31 December 2020	43,956	163,973	8,624	216,553
Profit for the financial year	-	-	4,771	4,771
Balance at 31 December 2021	43,956	163,973	13,395	221,324

No dividends were paid in 2021 and 2020.

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

GOLDMAN SACHS PROPERTY MANAGEMENT
(unlimited company)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

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 Plumtree Court, 25 Shoe Lane, London, EC4A 4AU, 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., a company incorporated in the United States of America. Copies of its consolidated financial statements, as well as certain regulatory filings, for example Quarterly Reports on Form 10-Q and the Annual Report on Form 10-K, that provide further information about GS Group and its business activities, can be obtained from Investor Relations, 200 West Street, New York, NY 10282, United States of America, or at www.goldmansachs.com/investor-relations/.

2. ACCOUNTING POLICIES

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

a. Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006.

Exemptions from the following disclosure requirements 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);
- v) IAS 16 'Property, Plant and Equipment' paragraph 73(e) and IAS 38 'Intangible assets' paragraph 118(e);
- vi) IAS 1 'Presentation of Financial Statements' paragraphs 10(d), 10(f), 16, 38A, 38B-D, 40A-D and 111;
- vii) IAS 7 'Statement of Cash Flows';
- viii) IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31;
- ix) IFRS 15 'Revenue from Contracts with Customers' second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129;
- x) IAS 24 'Related Party Disclosures' paragraph 17 and 18A; and
- xi) IAS 24 'Related Party Disclosures' requirements to disclose transactions with companies also wholly owned within GS Group.

b. Dividends

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

GOLDMAN SACHS PROPERTY MANAGEMENT
(unlimited company)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

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 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. Leases

The company has entered into leases for data centres. Rental contracts typically have fixed term up to 6 years but has an extension option exercisable only by the company and not by the respective lessor.

Leases are recognised as a right-of-use asset and a corresponding liability at the date of commencement of the lease.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs;

Right-of-use assets are depreciated over the lease term on a straight-line basis.

e. Impairment of fixed assets and right-of-use assets

Fixed assets and right-of-use assets are tested for impairment whenever events or changes in circumstances suggest that an asset's or asset group's carrying value may not be fully recoverable. An impairment loss, calculated as the difference between the estimated recoverable amount (being the fair value) and the carrying amount of an asset or asset group, is recognised if the sum of its expected undiscounted cash flows is less than its corresponding carrying value.

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

GOLDMAN SACHS PROPERTY MANAGEMENT
(unlimited company)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

2. ACCOUNTING POLICIES (continued)

g. Intangible assets

Intangible assets are stated at historical cost less accumulated amortisation and provision for any impairment. Subject to the recognition criteria in IAS 38 'Intangible Assets' being met, costs incurred during the year that are directly attributable to the development or improvement of new business application software are capitalised as assets in the course of development.

Assets in the course of development 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 development. Amortisation is included in administrative expenses and is provided on a straight-line basis over the following estimated useful life:

	Years
Computer software	3 - 5
Amortisation policies are reviewed on an annual basis.	

h. Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation and provision for any impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and that the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial year in which they are incurred.

Depreciation is included in administrative expenses and is provided on a straight-line basis over the following estimated useful lives:

	Years
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.

The assets' residual values and useful lives are reviewed on an annual basis. Borrowing costs directly associated with the purchase or development of fixed assets are capitalised.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the profit and loss account.

i. Cash at bank and in hand

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

j. 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).

GOLDMAN SACHS PROPERTY MANAGEMENT
(unlimited company)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

2. ACCOUNTING POLICIES (continued)

k. 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.

l. Share Capital

Ordinary and preference share capital are classified as equity.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Deferred tax assets

The company has recognised a deferred tax asset (see note 13) which requires judgement for determining the extent of its recoverability at each reporting date. The company assesses recoverability with reference to forecasts of future taxable profits. These forecasts require the use of assumptions and estimates.

GOLDMAN SACHS PROPERTY MANAGEMENT
(unlimited company)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

4. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Depreciation and amortisation (see notes 9,10 and 11)	65,436	65,706
Communication and technology	11,964	11,929
Occupancy	11,712	8,300
Foreign exchange losses/(gains)	6	(164)
Auditors' remuneration - audit services	22	22
Impairment	567	100
Other expenses	1,068	1,193
	90,775	87,086

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Interest on loan from group undertaking (see note 15)	544	2,032
Interest expense relating to lease liability	849	1,060
	1,393	3,092

6. 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.

7. DIRECTORS' EMOLUMENTS

The directors did not receive any remuneration from the company in the current or prior years and no contributions were made by the company under defined benefit or defined contribution pension schemes. The directors are employed by other group undertakings and their remuneration is borne by those companies and not re-charged. The directors do not consider that more than a trivial amount of their remuneration relates to the qualifying services provided to the company.

GOLDMAN SACHS PROPERTY MANAGEMENT
(unlimited company)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

8. TAX ON PROFIT

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Current tax expense/ (benefit):		
U.K. corporation tax	(4,654)	(983)
Adjustments in respect of previous periods	739	(1,216)
Total current tax	(3,915)	(2,199)
Deferred tax:		
Provisions and other timing differences	5,570	3,026
Effect of change in U.K. corporate tax rates	(914)	-
Adjustments in respect of previous periods	(947)	(1,897)
Total deferred tax (see note 13)	3,709	1,129
Total tax on profit	(206)	(1,070)

The company has received losses from group undertakings under group relief arrangements.

The table below presents a reconciliation between tax on profit and the amount calculated by applying the standard rate of U.K. corporation tax applicable to the company for the year of 19% (2020: 19%) to the profit before taxation.

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Profit before taxation	4,565	3,287
Profit before taxation multiplied by the standard rate in the U.K. 19% (2020: 19%)	867	625
Effect of change in UK corporate tax rates	(914)	-
Expenses not deductible for tax purposes	49	1,418
Adjustments in respect of previous periods	(208)	(3,113)
Total tax on profit	(206)	(1,070)

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

On June 10, 2021, the UK government enacted the Finance Act 2021 which increased the U.K. corporate tax main rate from 19% to 25% from April 1, 2023. This change resulted in the company recognising a gain of £0.9 million in the profit and loss account on remeasurement of its deferred tax assets.

On September 23, 2022, the U.K. government announced in its Growth Plan that the U.K. corporation tax main rate would remain at 19% instead of increasing to 25% from April 1, 2023. The company will remeasure its deferred tax assets on substantive enactment of this change.

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9. INTANGIBLE ASSETS

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

	Computer software £'000
Cost	
At 1 January 2021	8,104
At 31 December 2021	<u>8,104</u>
Accumulated amortisation	
At 1 January 2021	7,563
Charge for year	517
At 31 December 2021	<u>8,080</u>
Net Book Value	
At 31 December 2021	<u>24</u>
At 31 December 2020	<u>541</u>

Reassessment of the current use of fixed assets is performed periodically. Accordingly, £0.0 million (31 December 2020: £0.6 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.

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10. TANGIBLE ASSETS

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

	Leasehold improvements	Fixtures & fittings	Computer equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2021	306,278	35,797	213,709	12	555,796
Additions	3,717	260	29,115	459	33,551
Transfers	70	-	-	(70)	-
Disposals	(1,125)	-	(3,344)	-	(4,469)
At 31 December 2021	308,940	36,057	239,480	401	584,878
Accumulated depreciation					
At 1 January 2021	60,882	6,987	127,592	-	195,461
Charge for the year	21,625	4,723	30,572	-	56,920
Disposals	(1,125)	-	(3,344)	-	(4,469)
Impairment	1	-	566	-	567
At 31 December 2021	81,383	11,710	155,386	-	248,479
Net book value					
At 31 December 2021	227,557	24,347	84,094	401	336,399
At 31 December 2020	245,396	28,810	86,117	12	360,335

Reassessment of the current use of fixed assets is performed periodically. Accordingly, £1.1 million (31 December 2020: £424.9 million) of leasehold improvements, £0.0 million (31 December 2020: £13.4 million) of fixtures and fittings and £3.3 million (31 December 2020: £20.4 million) 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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11. RIGHT-OF-USE ASSETS

a. Amounts recognised on balance sheet

The balance sheet shows the following amounts related to leases:

	31 December 2021	31 December 2020
	£'000	£'000
Right-of-use assets		
Building	20,957	25,852
Lease liabilities		
Current	8,264	7,329
Non-current	14,776	20,155
	23,040	27,484

Additions to right-of-use assets during the year were £3.1 million (2020: £11.0 million).

The rental contracts for the above right-of-use assets typically have fixed term up to 6 years.

b. Maturity of lease liability

The table below present the undiscounted cash flows of the company's lease liability by contractual maturity.

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
	£'000	£'000	£'000	£'000	£'000
Lease liabilities					
As at 31 December 2021	1,374	1,326	6,200	15,430	24,330
As at 31 December 2020	645	1,291	5,827	21,428	29,191

c. Amounts recognised in the profit and loss account

The profit and loss account shows the following amounts related to leases:

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Depreciation of right-of-use assets-Buildings	7,999	6,667
Interest expense (see note 5)	849	1,060

The total cash outflow for leases in 2021 was £8.4 million (2020: £7.6 million).

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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 2021	31 December 2020
	£'000	£'000
Amounts due from group undertakings	22,728	9,561
Corporation tax receivable	8,193	3,044
Prepayments	1,191	1,246
Other debtors	-	1,128
	<u>32,112</u>	<u>14,979</u>

Amounts due from group undertakings includes a cash balance of £0.2 million (31 December 2020: £0.2 million) held on account by a fellow group undertaking.

13. DEFERRED TAX

	31 December 2021	31 December 2020
	£'000	£'000
Deferred tax asset balance comprises:		
Depreciation in excess of capital allowances	<u>7,183</u>	<u>10,892</u>

The movements in the deferred tax balance were as follows:	£'000
At 1 January 2020	12,021
Debited to the profit and loss account (see note 8)	(1,129)
At 31 December 2020	10,892
Credited to the profit and loss account (see note 8)	(3,709)
At 31 December 2021	<u>7,183</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2021	31 December 2020
	£'000	£'000
Accruals	4,345	1,982
Other creditors	1,436	1,829
Group relief payable	9,787	8,417
Amounts due to group undertakings	1,072	4,393
Lease liabilities (see note 11)	8,264	7,329
	<u>24,904</u>	<u>23,950</u>

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

	31 December 2021	31 December 2020
	£'000	£'000
Loan payable to group undertaking	140,080	160,084
Interest payable to group undertaking	9,240	8,669
Lease liabilities (see note 11)	14,776	20,155
	164,096	188,908

The company has advances of £140.1 million (31 December 2020: £160.1 million) outstanding under an unsecured facility that accrues interest at a variable margin over the U.S. Federal Reserve's federal fund rate. 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.

16. CALLED UP SHARE CAPITAL

At 31 December 2021 and 31 December 2020, called up share capital comprised:

	31 December 2021		31 December 2020	
	No.	£'000	No.	£'000
<u>Allotted, called up and fully paid</u>				
Ordinary shares of £1 each	377,554	378	377,554	378
'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
		43,956		43,956

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 AND CONTINGENCIES

The company had £14.4 million of commitments for capital expenditure not provided for in the financial statements at 31 December 2021 (31 December 2020: £5.5 million).