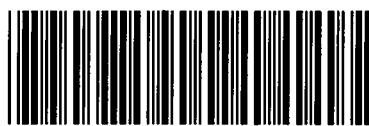


**ELQ HOLDINGS (UK) LTD**

**ANNUAL REPORT**

**31 DECEMBER 2017**

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## STRATEGIC REPORT

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

### 1. Introduction

The principal activity of ELQ Holdings (UK) Ltd (the company) is to undertake investment business. The company holds investments in subsidiary undertakings which hold investments in senior bank debt, bonds, private equity investments, performing and non-performing loans and 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 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.

The company primarily operates in a U.S. dollar environment as part of GS Group. Accordingly, the company's functional currency is the U.S. dollar and these financial statements have been prepared in that currency.

### 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 7. Profit before taxation for the year ended 31 December 2017 was US\$98.3 million (31 December 2016: US\$83.2 million).

The company had total assets of US\$3,319.9 million (31 December 2016: US\$2,745.0 million).

### 3. Post balance sheet events

Subsequent to the year end, the following events took place:

In April 2018, the company was allotted 8,700,000 ordinary shares of EUR 1 each in Victor Acquisitions Limited for a total consideration of \$10,774,950. In addition, the company increased its long-term loan due from Victor Acquisitions Limited by EUR 11,100,000 (US\$14,856,300) under the terms of an existing loan agreement dated May 2015.

In May 2018, the company received an interim dividend of US\$16,800,000 from its subsidiary undertaking, ELQ Investors VII Ltd.

### 4. Exchange rate

The British pound / U.S. dollar exchange rate at the balance sheet date was £ / US\$1.3524 (31 December 2016: £ / US\$1.2337). The average rate for the year was £ / US\$1.3020 (31 December 2016: £ / US\$1.3439).

### 5. 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.

**STRATEGIC REPORT (continued)**

**6. 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 non-financial assets, primarily investments in subsidiary undertakings. The company, as part of a global group, adheres to global risk management policies and procedures. The company's risk management objectives and policies are described in note 21 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.

**7. Date of authorisation of issue**

The strategic report was authorised for issue by the Board of Directors on 12 SEPTEMBER 2018

ON BEHALF OF THE BOARD



Director  
R. THOMAS

## **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: US\$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**

The 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, except where noted, were:

<b>Name</b>	<b>Appointed</b>	<b>Resigned</b>
M. Holmes		19 July 2017
G. G. Olafson		
J. A. Wiltshire		
R. M. Thomas	19 July 2017	

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

**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 financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those 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; 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 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 **12 SEPTEMBER** 2018.

**ON BEHALF OF THE BOARD**



**Director**

**R. THOMAS**

# **Independent auditors' report to the members of ELQ Holdings (UK) Ltd**

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## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, ELQ Holdings (UK) Ltd's financial statements (the "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 our 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 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 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 ELQ Holdings (UK) Ltd**

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### *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 4, 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](http://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.

Nick Morrison (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

12 September 2018

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**ELQ HOLDINGS (UK) LTD**

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**PROFIT AND LOSS ACCOUNT****for the year ended 31 December 2017**

		<b>Year ended 31 December 2017</b>	<b>Year ended 31 December 2016</b>
	<b>Note</b>	<b>US\$</b>	<b>US\$</b>
Income from shares in group undertakings	5	110,213,931	45,914,572
Interest receivable and similar income	6	67,405,534	59,305,245
Interest payable and similar expenses	7	(61,100,944)	(57,137,164)
Administrative expenses	8	(18,259,227)	(17,531,715)
<b>OPERATING PROFIT</b>		<b>98,259,294</b>	<b>30,550,938</b>
Gain on sale of subsidiary undertaking	13	-	52,614,181
<b>PROFIT BEFORE TAXATION</b>		<b>98,259,294</b>	<b>83,165,119</b>
Tax on profit	11	(302,618)	(1,500,520)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>97,956,676</b>	<b>81,664,599</b>

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.

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# ELQ HOLDINGS (UK) LTD

## BALANCE SHEET

as at 31 December 2017

	Note	31 December 2017 US\$	31 December 2016 US\$
<b>FIXED ASSETS</b>			
Investments	12	972,486,801	618,506,764
		<u>972,486,801</u>	<u>618,506,764</u>
<b>CURRENT ASSETS</b>			
Debtors: Amounts falling due within one year	14	94,978,376	64,618,248
Debtors: Amounts falling due after more than one year	15	2,251,314,480	2,060,409,972
Cash at bank and in hand		1,168,450	1,504,604
		<u>2,347,461,306</u>	<u>2,126,532,824</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	16	<u>(19,409,961)</u>	<u>(17,485,891)</u>
<b>NET CURRENT ASSETS</b>		<u>2,328,051,345</u>	<u>2,109,046,933</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,300,538,146	2,727,553,697
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	17	<u>(2,297,821,339)</u>	<u>(1,822,793,566)</u>
<b>NET ASSETS</b>		<u>1,002,716,807</u>	<u>904,760,131</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	818,992,629	818,992,629
Other reserves	19	42,228,235	42,228,235
Profit and loss account		141,495,943	43,539,267
<b>TOTAL SHAREHOLDER'S FUNDS</b>		<u>1,002,716,807</u>	<u>904,760,131</u>

The financial statements were approved by the Board of Directors on **12 SEPTEMBER 2018** and signed on its behalf by:



Director  
E. THOMAS

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

Company number: 06409662

## ELQ HOLDINGS (UK) LTD

### STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

	Called up share capital US\$	Other reserves US\$	Profit and loss account US\$	Total shareholder's funds US\$
<b>Balance at 1 January 2016</b>	841,992,629	-	(38,125,332)	803,867,297
Profit for the financial year	-	-	81,664,599	81,664,599
Proceeds from shares issued	227,000,000	-	-	227,000,000
Other movements during the year	(250,000,000)	250,000,000	-	-
Dividends	-	(207,771,765)	-	(207,771,765)
<b>Balance at 31 December 2016</b>	818,992,629	42,228,235	43,539,267	904,760,131
Profit for the financial year	-	-	97,956,676	97,956,676
<b>Balance at 31 December 2017</b>	818,992,629	42,228,235	141,495,943	1,002,716,807

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

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017**

**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 (Del) LLC, a company incorporated and domiciled in Delaware in the United States of America.

The ultimate parent undertaking 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 can be obtained from Investor Relations, 200 West Street, New York, NY 10282, United States of America, or at [www.goldmansachs.com/shareholders/](http://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 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.

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.

**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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

**2. ACCOUNTING POLICIES (continued)**

**c. Foreign currencies**

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

Transactions denominated in foreign currencies are translated into U.S. dollars at rates of exchange ruling on the date the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at rates of exchange ruling at the balance sheet date. Foreign exchange gains and losses are recognised in operating profit.

**d. 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.

**e. Cash at bank and in hand**

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

**f. Financial assets and financial liabilities**

**(i) Recognition and derecognition**

Financial assets are recognised and derecognised using settlement date accounting. Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

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.

- **Financial liabilities designated at fair value through profit or loss**

Financial liabilities designated at fair value through profit or loss comprise certain intercompany financing arrangements. The company has recognised the intercompany multi-currency financing arrangements at fair value where the arrangements contain embedded foreign exchange features.

- **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.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017**

**2. ACCOUNTING POLICIES (continued)**

**f. 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:

- (i) currently a legally enforceable right to set off the recognised amounts; and
- (ii) intent to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

**g. 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 substantively 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 by 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:

- (i) 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 future reversal of the underlying temporary differences can be deducted.
- (ii) Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary 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. 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 geographic region and accordingly no segmental analysis has been provided.

# ELQ HOLDINGS (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

### 5. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	Year ended 31 December 2017	Year ended 31 December 2016
	US\$	US\$
Dividend income	110,213,931	45,914,572
	<b>110,213,931</b>	<b>45,914,572</b>

Income from shares in group undertakings comprises dividend income from ELQ Investors IV Ltd of US\$80,510,194, White Pillar Properties Limited of US\$8,499,495, ELQ Investors III Ltd of US\$19,994,850 and Neon Acquisitions Ltd of US\$1,209,392 in the current year (31 December 2016: dividend income from White Pillar Properties Limited of US\$32,774,232, ELQ UK Properties Ltd of US\$2,526,721, Neon Acquisitions Ltd of US\$10,197,946 and ELQ Investors V Ltd of US\$ 415,673).

### 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2017	Year ended 31 December 2016
	US\$	US\$
Interest on loans to group undertakings (see note 15)	67,405,534	59,305,245
	<b>67,405,534</b>	<b>59,305,245</b>

### 7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 December 2017	Year ended 31 December 2016
	US\$	US\$
Interest on loans from group undertakings (see note 17)	61,100,944	57,137,164
	<b>61,100,944</b>	<b>57,137,164</b>

### 8. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2017	Year ended 31 December 2016
	US\$	US\$
Management fees charged by group undertakings	4,139,967	7,313,972
Legal and professional fees	5,543,454	13,986,296
Auditors' remuneration - audit services of the company	62,498	64,507
Auditors' remuneration - audit services of the company's subsidiaries	385,325	646,276
Foreign exchange gain / (loss)	6,801,929	(4,556,974)
Other expenses	1,326,054	77,638
	<b>18,259,227</b>	<b>17,531,715</b>

### 9. 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. The charges made by these group undertakings for all services provided to the company are included in management fees charged by group undertakings (see note 8).

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## ELQ HOLDINGS (UK) LTD

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### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

#### 10. DIRECTORS' EMOLUMENTS

	Year ended 31 December 2017 US\$	Year ended 31 December 2016 US\$
<b>Directors:</b>		
Aggregate emoluments	30,118	29,485
Company pension contributions to money purchase schemes	279	258
	<b>30,397</b>	<b>29,743</b>

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. The directors' emoluments were borne by group undertakings in the current and prior periods.

Four directors are members of a defined contribution pension plan. Four directors have been granted Group Inc. shares in respect of long-term incentive schemes during the year. No directors have exercised options during the year.

# ELQ HOLDINGS (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

### 11. TAX ON PROFIT

	Year ended 31 December 2017 US\$	Year ended 31 December 2016 US\$
<b>Current tax:</b>		
U.K. corporation tax	(90,362)	(740,822)
Adjustments in respect of prior periods	392,980	2,241,342
<b>Total current tax</b>	<b>302,618</b>	<b>1,500,520</b>

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

	Year ended 31 December 2017 US\$	Year ended 31 December 2016 US\$
Profit before taxation	98,259,294	83,165,119
Profit multiplied by the weighted average rate in the U.K. of 19.25 % (2016: 20%)	18,914,914	16,633,024
Non-taxable dividend income	(21,361,277)	(9,182,914)
Non-taxable gain on sale of subsidiary undertaking	-	(10,522,836)
Expenses disallowable for tax	690,777	1,398,630
Exchange differences and other	2,790	3,581
Tax loss surrendered to group undertakings for nil consideration	145,900	53,802
Unutilised tax losses carried forward	1,516,534	875,891
Adjustments in respect of prior periods	392,980	2,241,342
<b>Total tax on profit</b>	<b>302,618</b>	<b>1,500,520</b>

The company has carried forward losses of US\$27,892,971 (31 December 2016: US\$20,014,872) for which no deferred tax asset has been recognised in the financial statements as there is uncertainty whether the company will generate suitable taxable profits in the future against which the deferred tax asset can be recovered.



# ELQ HOLDINGS (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

### 12. FIXED ASSET INVESTMENTS

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

	Cost and net book value
	US\$
At 1 January 2016	902,599,633
Additions	2,755,313
Disposals	(286,848,182)
At 31 December 2016	618,506,764
Additions	434,100,856
Disposals	(80,120,819)
At 31 December 2017	972,486,801

During the year the following key additions and disposals took place:

- (i) The company was allotted 85,000,000 ordinary shares of US\$ 1 each in ELQ Investors VI Ltd for a total consideration of US\$85,000,000.
- (ii) The company was allotted 80,000,000 ordinary shares of US\$ 1 in ELQ Investors IX Ltd for a total consideration of US\$80,000,000.
- (iii) The company was allotted 38,752,920 ordinary shares of EUR 1 each in Falko for a total consideration of US\$40,954,086 by converting the shareholder loan between the company and Falko.
- (iv) The company was allotted 13,993,263 ordinary shares of EUR 1 each in Victor Acquisitions Limited for a total consideration of US\$15,207,836.
- (v) The company acquired 212,938,934 ordinary shares of US\$ 1 each in GS Capital Funding (Cayman) Limited for a total consideration of US\$212,938,934.
- (vi) The company cancelled its shares in ELQ Investors IV Ltd for a total consideration of US\$47,493,534.
- (vii) ELQ Investors III Ltd, the company's subsidiary reduced its capital for a consideration of US\$32,620,353 and made a distribution for the same amount to the company. The company then transferred all its interest in ELQ Investors III Ltd to a fellow group undertaking as part of a group reorganisation for a consideration of US\$1,000.

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	Proportion of nominal value held	Class of shares held
ELQ Investors IV Ltd <sup>1</sup>	Investment company	100%	Ordinary shares
ELQ Investors VI Ltd <sup>1</sup>	Investment company	100%	Ordinary shares
ELQ Investors VII Ltd <sup>1</sup>	Investment company	100%	Ordinary shares
ELQ Investors IX Ltd <sup>1</sup>	Investment company	100%	Ordinary shares
ELQ UK Properties Ltd <sup>1</sup>	Holds real estate	99.92%	Ordinary shares
Falko <sup>3</sup>	Holds real estate	100%	Ordinary shares
Neon Acquisitions Ltd <sup>19</sup>	In Liquidation	99.86%	Ordinary shares
White Pillar Properties Limited <sup>1</sup>	Dormant	99.92%	Ordinary shares
Victor Acquisitions Limited <sup>1</sup>	Investment company	100%	Ordinary shares

# ELQ HOLDINGS (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

### 12. FIXED ASSET INVESTMENTS (continued)

Name of company	Nature of business	Proportion of nominal value held	Class of shares held
GS Capital Funding (Cayman) Limited <sup>2</sup>	Investment company	100%	Ordinary shares

The subsidiaries, over which the company exercises control via ordinary shares held by subsidiary undertakings at the year end, are:

Name of company	Nature of business	Proportion of nominal value held	Class of shares held
Encasa Cibeles S.L. <sup>4</sup>	Hold real estate	97.95%	Ordinary shares
Kingfisher Real Estate B.V. <sup>5</sup>	Hold real estate	100%	Ordinary shares
Dolomites Funding S.R.L. <sup>6</sup>	Holds loan portfolios	100%	Ordinary shares
Windmill Funding Designated Activity Company <sup>13</sup>	Holds loan portfolios	100%	Ordinary shares
Puffin Real Estate B.V. <sup>5</sup>	Hold real estate	100%	Ordinary shares
Artemis Corner Acquisition Korlatolt Felelossegu Tarsasag <sup>14</sup>	Hold real estate	100%	Ordinary shares
Artemis Acquisition Netherlands S.A.R.L. <sup>7</sup>	Hold real estate	100%	Ordinary shares
Artemis Acquisition France S.A.R.L. <sup>7</sup>	Hold real estate	100%	Ordinary shares
Artemis Acquisition Germany S.A.R.L. <sup>7</sup>	Hold real estate	100%	Ordinary shares
Artemis Acquisition Italy S.A.R.L. <sup>7</sup>	Hold real estate	100%	Ordinary shares
Artemis Acquisition Poland S.A.R.L. <sup>7</sup>	Hold real estate	100%	Ordinary shares
Artemis Acquisition Finland Oy <sup>15</sup>	Hold real estate	100%	Ordinary shares
Central Udvar Acquisition Korlatolt Felelossegu Tarsasag <sup>14</sup>	Holds real estate	100%	Ordinary shares
Kiinteisto Oy Opus <sup>16</sup>	Hold real estate	100%	Ordinary shares
Kiinteisto Oy Plaza Vivace <sup>16</sup>	Hold real estate	100%	Ordinary shares
Kiinteisto Oy Plaza Allegro <sup>16</sup>	Hold real estate	100%	Ordinary shares
Pheasant B.V. <sup>5</sup>	Hold real estate	100%	Ordinary shares
GS Sapphire Holding Limited <sup>1</sup>	Investment company	100%	Ordinary shares
GS Sapphire Investment Limited <sup>1</sup>	Investment company	100%	Ordinary shares
Bradley Hall Holdings Limited <sup>1</sup>	Investment company	100%	A1, A2, B1, B2, B3, C ordinary shares
GS International Funding <sup>2</sup>	Investment company	100%	Ordinary shares
Fair Zero S.A.R.L. <sup>7</sup>	Investment company	100%	Ordinary shares
Ainscough Holdings Limited <sup>1</sup>	Investment company	100%	B shares, C shares, ordinary shares
ELQ Investors III Ltd <sup>1</sup>	Investment company	100%	Ordinary shares
Sviluppo Comparto 5 S.R.L. <sup>12</sup>	Hold real estate	92.33%	Ordinary shares
GP Offices & Apartments S.R.L. <sup>12</sup>	Hold real estate	92.43%	Ordinary shares
ELQ Investors II Ltd <sup>1</sup>	Investment company	100%	Ordinary shares
Montserrat Acquisitions Ltd <sup>1</sup>	Holds loan portfolios	100%	Ordinary shares
Castile Acquisitions Ltd <sup>1</sup>	Holds loan portfolios	100%	Ordinary shares
PIL Acquisitions 1 Limited <sup>10</sup>	Hold real estate	99.59%	Ordinary shares
Beltanio Funding S.R.L. <sup>6</sup>	Holds loan portfolios	100%	Ordinary shares
ELQ Omega UK Ltd <sup>1</sup>	Investment company	99.68%	Ordinary shares
Kensington 1 <sup>3</sup>	Hold real estate	100%	Ordinary shares
Kensington 2 <sup>3</sup>	Hold real estate	100%	Ordinary shares
Pyrenees Acquisitions Limited <sup>1</sup>	Holds loan portfolios	100%	Ordinary shares
RP Alcorcon Acquisitions S.L. <sup>9</sup>	Holds real estate	100%	Ordinary shares

# ELQ HOLDINGS (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

### 12. FIXED ASSET INVESTMENTS (continued)

Name of company	Nature of business	Proportion of nominal value held	Class of shares held
Teide Acquisitions S.L. <sup>9</sup>	Hold real estate	80%	Ordinary shares
Aragon Acquisitions S.L. <sup>9</sup>	Hold real estate	80%	Ordinary shares
PIL Kingston Limited <sup>10</sup>	Hold real estate	100%	Ordinary shares
PIL Evesham Limited <sup>10</sup>	Hold real estate	100%	Ordinary shares
PIL Burgess Hill Limited <sup>10</sup>	Hold real estate	100%	Ordinary shares
PIL Maidenhead Limited <sup>10</sup>	Hold real estate	100%	Ordinary shares
Vioto Oy <sup>11</sup>	Hold real estate	100%	Ordinary shares
Sivipre Oy <sup>11</sup>	Hold real estate	100%	Ordinary shares
Liketalo Myyrinraitti Oy <sup>11</sup>	Hold real estate	100%	Ordinary shares
Kensington ISSY <sup>3</sup>	Hold real estate	100%	Ordinary shares
Turia Acquisitions S.L. <sup>9</sup>	Hold real estate	100%	Ordinary shares
Turia Development Acquisitions S.L. <sup>9</sup>	Hold real estate	100%	Ordinary shares
Avenida Barcelona 111 S.L. <sup>17</sup>	Holds real estate	100%	Ordinary shares
Yoram Limited <sup>18</sup>	Investment company	100%	Ordinary shares

#### Registered office address at:

<sup>1</sup> Peterborough Court, 133 Fleet Street, London, EC4A 2BB, United Kingdom

<sup>2</sup> PO Box 309, Ugland House, Grand Cayman, KY1 1104, Cayman Islands

<sup>3</sup> 78 Avenue Raymond Poincare, Paris, 75116, France

<sup>4</sup> 155 Avenida del Talgo, Madrid, 28023, Spain

<sup>5</sup> Strawinskyiaan 3127, Atrium Building 8th Floor, Amsterdam, 1077 ZX, Netherlands

<sup>6</sup> Piazzetta Maurilio Bossi 3, Milan, CAP 20121, Italy

<sup>7</sup> 2 Rue de Fosse, L-1536, Luxembourg

<sup>8</sup> Pradillo No 5, Bajo Exterior Derecha, Madrid, 28002, Spain

<sup>9</sup> Maria de Molina 6-5a, Madrid, 28006, Spain

<sup>10</sup> 26 New Street, St. Helier, JE2 3RA, Jersey

<sup>11</sup> Scandinavian Trust CMS, Oy Fredrikinkatu, 61 00140, Helsinki

<sup>12</sup> Foro Buonaparte 70, Milan, 20121, Italy

<sup>13</sup> 3 Floor Kilmore House, Park lane, Spencer Dock, Dublin, Ireland

<sup>14</sup> Andrassy ut 100, 1062 Budapest, Hungary

<sup>15</sup> Fredriksgatan 61A, Helsinki 00100, Finland

<sup>16</sup> Mannerheiminauk 1A, c/o Newsec Asset Management Oy, Helsinki, 00101 Finland

<sup>17</sup> 113, Esc A, Pl. Bja. Pt. 1 Sant Joan Desp, Barcelona, Spain

<sup>18</sup> NCR Building, 6th Floor, 6 Broad Street, Lagos, 2000003, Nigeria

<sup>19</sup> 15 Canada Square, London, E14 5GL, United Kingdom

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## ELQ HOLDINGS (UK) LTD

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### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

#### 13. GAIN ON SALE OF SUBSIDIARY UNDERTAKING

In the prior year, the company disposed of its investment in ELQ Investors VIII Ltd to Goldman Sachs Group Holdings (U.K.) Limited as part of a group reorganisation for a total consideration of US\$157,000,002 making a gain of US\$52,614,181.

#### 14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2017 US\$	31 December 2016 US\$
Accrued interest due from group undertakings	92,410,623	61,248,810
Amounts due from group undertakings	2,042,287	2,594,394
Group relief receivable	476,138	730,994
Other debtors	49,328	44,050
	<u>94,978,376</u>	<u>64,618,248</u>

Amounts due from group undertakings includes US\$324,576 (31 December 2016: US\$1,192,236) in cash balances held on account by a fellow group undertaking.

# ELQ HOLDINGS (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

### 15. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2017 US\$	31 December 2016 US\$
Long-term loans due from group undertakings	2,203,314,480	2,060,409,972
Junior preferred shares	48,000,000	-
	<b>2,251,314,480</b>	<b>2,060,409,972</b>

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

- (i) A loan of US\$360,660,000 (31 December 2016: US\$316,140,000) advanced by the company to Goldman Sachs International, a fellow group undertaking, under the terms of an existing loan agreement dated March 2016. The loan is unsecured and carries interest at a variable margin over the Euro overnight interest rate. The loan is repayable in March 2065.
- (ii) A loan of US\$280,000,000 (31 December 2016: US\$280,000,000) advanced by the company to ELQ Investors VI Ltd, a fellow group undertaking, under the terms of an existing loan agreement dated October 2013. The loan is unsecured and carries interest at a variable margin over the US Dollar overnight interest rate. The loan is repayable in October 2062.
- (iii) A loan of US\$513,924,898 (31 December 2016: US\$522,124,236) advanced by the company to ELQ Investors II Ltd, a fellow group undertaking, under the terms of an existing loan agreement dated December 2014. The loan is unsecured and carries interest at a variable margin over the applicable currency's overnight interest rate. The loan is repayable in December 2063.
- (iv) A loan of US\$897,154,774 (31 December 2016: US\$812,105,340) advanced by the company to ELQ Investors VIII Ltd, a fellow group undertaking, under the terms of an existing loan agreement dated December 2014. The loan is unsecured and carries interest at a variable margin over the applicable currency's overnight interest rate. The loan is repayable in December 2063.
- (v) A loan of US\$137,148,408 (31 December 2016: US\$77,245,015) advanced by the company to Victor Acquisitions Limited, a fellow group undertaking, under the terms of an existing loan agreement dated May 2015. The loan is unsecured and carries interest at a variable margin over the Euro overnight interest rate. The loan is repayable in May 2064.
- (vi) A loan of US\$14,426,400 (31 December 2016: US\$52,795,380) advanced by the company to Falko, a fellow group undertaking, under the terms of an existing loan agreement dated December 2016. The loan is unsecured and carries interest at a variable margin over the Euro overnight interest rate. The loan is repayable in December 2028.

The company acquired 48,000,000 junior preferred shares of US\$ 1 each in GS Capital Funding (Cayman) Limited for a total consideration of \$48,000,000 under the terms of a new agreement dated September 2017. The preferred shares carry entitlement to cumulative cash dividends in priority to ordinary shareholders at a fixed margin over LIBOR and voting rights of 43.64%. The preferred shares are repayable in November 2022.

# ELQ HOLDINGS (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

### 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2017	31 December 2016
	US\$	US\$
Accrued interest due to group undertakings	8,131,392	5,191,367
Amounts due to group undertakings	4,019,378	2,267,329
Other creditors and accruals	7,259,191	10,027,195
	<b>19,409,961</b>	<b>17,485,891</b>

### 17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2017	31 December 2016
	US\$	US\$
Long-term loans due to group undertakings	2,297,821,339	1,822,793,566
	<b>2,297,821,339</b>	<b>1,822,793,566</b>

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

- (i) A loan of US\$164,251,349 (31 December 2016: US\$56,831,048) advanced by Group Inc. under the terms of an existing loan agreement dated December 2016. The loan is unsecured and carries interest at a variable margin over the applicable currency's overnight interest rate. The loan is repayable in December 2065. The loan represents a multi-currency facility which is recognised at fair value.
- (ii) A loan of US\$2,133,569,990 (31 December 2016: US\$1,765,962,518) advanced by ELQ Holdings (Del) LLC under the terms of an existing loan agreement dated November 2008. The loan is unsecured and carries interest at a variable margin over the applicable currency's overnight interest rate. The loan is repayable in November 2057.

### 18. CALLED UP SHARE CAPITAL

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

	31 December 2017		31 December 2016	
	No.	US\$	No.	US\$
<b>Allotted, called up and fully paid</b>				
Ordinary shares of £1 each	1	2	1	2
Redeemable shares of \$1 each	818,992,627	818,992,627	818,992,627	818,992,627
		<b>818,992,629</b>		<b>818,992,629</b>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017****19. OTHER RESERVES**

	US\$
At 31 December 2016	42,228,235
At 31 December 2017	<u>42,228,235</u>

The balance in other reserves was as a result of the below events during a group reorganisation in prior years:

- (i) In March 2016, the company underwent a share capital reduction of US\$ 250,000,000 which was credited to other reserves.
- (ii) Further, the company made a distribution of US\$ 207,771,765 to its parent undertaking from the distributable reserves created.

**20. FINANCIAL COMMITMENTS AND CONTINGENCIES**

The company had no financial commitments or contingencies outstanding at year end (31 December 2016: US\$nil).

**21. 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 other 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. Relevant market risks for the company are interest rate risk and currency risk.

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's exposure to interest rate risk is not significant as at 31 December 2017 and 31 December 2016.

Currency risk results from exposures to changes in spot prices, forward prices and volatilities of currency rates.

The company's functional currency is the U.S. dollar. At 31 December 2017, the company had net Euro denominated liabilities of US\$2.5 million (2016: US\$48.9 million) and net British pound denominated liabilities of US\$0.1 million (2016: US\$27.9 million).

The company manages its interest rate and currency risks as part of GS Group's risk management policy.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017**

**21. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (continued)**

**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 2017 and 31 December 2016. As at 31 December 2017, the company had no debtors past due or impaired (31 December 2016: nil).

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

**22. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

**Financial liabilities designated at fair value**

Included within Creditors: amounts falling due after more than one year, is an amount of US\$164,251,349 (31 December 2016: US\$56,831,048) due to Group Inc. which represents a multi-currency facility with final maturity in December 2065 where the arrangements contain embedded foreign exchange features. The interest rate associated with this multi-currency facility is variable in nature and approximates prevailing market interest rates for instruments with similar terms and characteristics and the carrying amount of the facility is a reasonable approximation to fair value and as a result no changes to fair value have been recorded in the profit and loss account or within equity reserve.

The company has recognised this financial liability at fair value and holds it as a level 2 financial liability.

The facility is held as a long term loan with the following maturities:

- Less than one month: US\$1,230,279 (31 December 2016: US\$715,008)
- More than one month but less than three months: US\$2,460,558 (31 December 2016: US\$1,430,015)
- More than three months but less than one year: US\$11,072,510 (31 December 2016: US\$6,435,069)
- More than one year but less than five years: US\$59,053,385 (31 December 2016: US\$34,320,369)
- Greater than five years: US\$634,823,890 (31 December 2016: US\$434,355,108)

**23. POST BALANCE SHEET EVENTS**

Subsequent to the year end, the following events took place:

In April 2018, the company was allotted 8,700,000 ordinary shares of EUR 1 each in Victor Acquisitions Limited for a total consideration of \$10,774,950. In addition, the company increased its long-term loan due from Victor Acquisitions Limited by EUR 11,100,000 (US\$14,856,300) under the terms of an existing loan agreement dated May 2015.

In May 2018, the company received an interim dividend of US\$16,800,000 from its subsidiary undertaking, ELQ Investors VII Ltd.