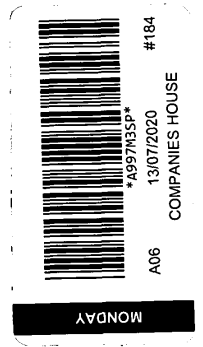


Company Number: 08085954



GS SAPPHIRE HOLDING LIMITED

ANNUAL REPORT

31 DECEMBER 2019

GS SAPPHIRE HOLDING LIMITED

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2019.

1. Introduction

The principal activity of GS Sapphire Holding Limited (the company) is the holding of private equity investments.

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 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 2019. Comparative information has been presented for the year ended 31 December 2018.

The directors consider profit after tax, 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 7. Profit before taxation for the year ended 31 December 2019 was US\$14.3 million (31 December 2018: US\$8.6 million).

The company has total assets of US\$1,058.4 million (31 December 2018: US\$1,019.5 million) and total liabilities of US\$446.2 million as at 31 December 2019 (31 December 2018: US\$418.7 million).

3. Exchange rate

The British pound / U.S. Dollar exchange rate at the balance sheet date was £ / US\$1.3265 (31 December 2018: £ / US\$1.2743). The average rate for the year was £ / US\$1.2792 (31 December 2018: £ / US\$1.3297).

4. 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.

Since the balance sheet date there has been a global outbreak of a coronavirus disease (COVID-19) which has caused widespread disruption to financial markets and normal patterns of business activity across the world. At the date of signing the company had not incurred any material financial impact associated to COVID-19 however, in view of its evolving nature it is not currently possible to estimate any potential future financial effects of COVID-19 on the company.

5. 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 certain assets, primarily investments in subsidiary undertakings. 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. The company's risk management objectives and policies are described in note 20 of the financial statements.

GS SAPPHIRE HOLDING LIMITED

STRATEGIC REPORT (continued)

6. 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:

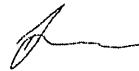
- a) the likely consequences of any decision in the long term;
- b) the impact of the company's operations on the community and the environment;
- c) the desirability of the company maintaining a reputation for high standards of business conduct; and
- d) the need to act fairly as between members of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

7. Date of authorisation of issue

The strategic report was authorised for issue by the Board of Directors on 25 June 2020.

ON BEHALF OF THE BOARD



Thomas Gasson Director

GS SAPPHIRE HOLDING LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2019.

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(1) 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(1).

2. Dividends

The directors do not recommend the payment of a dividend in respect of the year (31 December 2018: 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 ought to have taken as a director to make himself 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 were:

Name
V. Chima
P. N. Curle
W. T. Gasson
J. A. Wiltshire

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

GS SAPPHIRE HOLDING LIMITED

DIRECTORS' REPORT (continued)

6. Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, 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 judgments 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 25 June 2020.

ON BEHALF OF THE BOARD



Director

Thomas Gasson

**Independent auditors' report to the members of
GS Sapphire Holding Limited**

Report on the audit of the financial statements

Opinion

In our opinion, GS Sapphire Holding Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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 2019; the profit and loss account and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- 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
GS Sapphire Holding Limited**

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 2019 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. 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.



Mike Wallace (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 June 2020

GS SAPPHIRE HOLDING LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2019

		Year ended 31 December 2019	Year ended 31 December 2018
	Note	US\$'000	US\$'000
Net revenues	4	323	(1,880)
Administrative expenses	7	(4,025)	(3,218)
Other income/(loss)		11,029	(15,748)
Income from shares in group undertakings	11	-	354,994
Write down of shares in group undertakings	11	-	(327,027)
Loss on sale of subsidiary undertaking	11	(3,462)	-
Interest receivable and similar income	5	23,960	19,254
Interest payable and similar expenses	6	(13,481)	(17,734)
OPERATING PROFIT AND PROFIT BEFORE TAXATION		14,344	8,641
Tax on profit	10	(2,944)	3,380
PROFIT FOR THE FINANCIAL YEAR		11,400	12,021

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.

GS SAPPHIRE HOLDING LIMITED

BALANCE SHEET

as at 31 December 2019

	31 December 2019	31 December 2018
Note	<u>US\$'000</u>	<u>US\$'000</u>
FIXED ASSETS		
Investments	11 519,824	543,293
CURRENT ASSETS		
Debtors: Amounts falling due within one year	13 10,318	10,125
Debtors: Amounts falling due after more than one year	14 437,140	417,388
Investments	12 87,120	25,099
Cash at bank and in hand	3,952	23,544
	<u>538,530</u>	<u>476,156</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15 (31,451)	(11,466)
NET CURRENT ASSETS	<u>507,079</u>	<u>464,690</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	1,026,903	1,007,983
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16 (414,705)	(407,185)
NET ASSETS	<u>612,198</u>	<u>600,798</u>
CAPITAL AND RESERVES		
Called up share capital	17 55,538	55,538
Share premium account	211,937	211,937
Other reserves	18 15,912	15,912
Profit and loss account	328,811	317,411
TOTAL SHAREHOLDER'S FUNDS	<u>612,198</u>	<u>600,798</u>

The financial statements were approved by the Board of Directors on 25 June 2020 and signed on its behalf by:



Thomas Gasson
Director

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

Company number: 08085954.

GS SAPPHIRE HOLDING LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total shareholder's funds
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2018	55,538	211,937	15,912	305,390	588,777
Profit for the financial year	-	-	-	12,021	12,021
Balance at 31 December 2018	55,538	211,937	15,912	317,411	600,798
Profit for the financial year	-	-	-	11,400	11,400
Balance at 31 December 2019	55,538	211,937	15,912	328,811	612,198

No dividends were paid in 2019 or 2018.

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

GS SAPPHIRE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

1. GENERAL INFORMATION

a. General Information

The company is a private company limited by shares 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 ELQ Investors VII Ltd, a company incorporated and domiciled in England and Wales.

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/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 (modified as explained in note 2g) 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) IAS 1 'Presentation of Financial Statements' paragraph 38 to present comparative information in respect of IAS 1 'Presentation of Financial Statements' paragraph 79(a)(iv);
- (iii) IAS 1 'Presentation of Financial Statements' paragraphs 10(f), 16 and 40A-D;
- (iv) IAS 7 'Statement of Cash Flows';
- (v) IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31;
- (vi) IAS 24 'Related Party Disclosures' paragraph 17; and
- (vii) 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.

GS SAPPHIRE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

2. ACCOUNTING POLICIES (continued)

b. Revenue recognition

Net revenues have been disclosed instead of turnover as this more meaningfully reflects the nature and results of the company's activities. This includes net revenues from equity investments.

Net revenues from equity investments include dividend income, changes in fair value and gains and losses on sale of investments. Dividends receivable are recognised as income when the right to receive the payment has been established.

c. 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 equity dividends are recognised and deducted from equity when paid.

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

e. Fixed asset investments

Fixed asset investments comprises investments in subsidiary undertakings and is stated at cost less provision for any impairment.

f. Cash at bank in hand

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

g. Current asset investments

Investments in joint ventures are recorded at fair value in line with IFRS 9, as permitted by IAS 28 'Investments in Associates and Joint Ventures'. Other investments consist of private equity investments not held for trading and are recognised as financial assets mandatorily at fair value through profit or loss. They are measured in the balance sheet at fair value and all subsequent gains or losses are recognised in the consolidated profit and loss account.

GS SAPPHIRE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

2. ACCOUNTING POLICIES (continued)

h. Financial assets and financial liabilities

(i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or if the company transfers the financial asset and the transfer qualifies for derecognition. A transferred financial asset qualifies for derecognition if the company transfers substantially all the risks and rewards of ownership of the financial asset or if the company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but does not retain control. Financial liabilities are derecognised only when they are extinguished (i.e. when the obligation specified in the contract is discharged or 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 financial assets into the below categories on the basis of both the company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. The business model reflects how the company manages particular groups of assets in order to generate future cash flows. Where the business model is to hold the assets to collect contractual cash flows, the company subsequently assesses whether the cash flows represent solely payments of principal and interest.

• **Financial assets measured at amortised cost**

Financial assets that are held for the collection of contractual cash flows and have cash flows that represent solely payments of principal and interest are measured at amortised cost, unless they are designated at fair value through profit or loss. The company considers whether the cash flows represent basic lending arrangements and where contractual terms introduce exposure to risk or volatility inconsistent with a basic lending arrangement, the financial asset is classified and measured at fair value through profit or loss.

Financial assets measured at amortised cost are initially measured at fair value plus transaction costs and subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the company estimates cash flows considering all contractual terms of the financial asset but does not consider future credit losses. All finance income is recognised in the profit and loss account.

• **Financial assets mandatorily measured at fair value through profit or loss**

Financial assets that do not meet the criteria for amortised cost are mandatorily measured at fair value through profit or loss. Such financial assets are initially measured at fair value and subsequently at fair value through profit or loss, with gains or losses recognised in net revenues on financial instruments at fair value.

• **Financial liabilities measured at amortised cost**

The company classifies its financial liabilities as measured at amortised cost. Financial liabilities measured at amortised cost are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method. Finance costs, including discounts allowed on issue, are recorded in interest payable and similar expenses.

GS SAPPHIRE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

2. ACCOUNTING POLICIES (continued)

i. 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. The following estimate has had the most significant effect on amounts recognised in the financial statements in the current period:

Fair value measurement

Certain of the company's financial assets include significant unobservable inputs (i.e. level 3). See note 21 for information about the carrying value, valuation techniques and significant inputs of these instruments.

4. NET REVENUES

	Year ended 31 December 2019	Year ended 31 December 2018
	US\$'000	US\$'000
Net revenues from equity investments	323	(1,880)

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2019	Year ended 31 December 2018
	US\$'000	US\$'000
Interest on loans to group undertakings (see note 14)	23,960	19,254

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 December 2019	Year ended 31 December 2018
	US\$'000	US\$'000
Interest on loans from group undertakings (see note 16)	13,481	17,734

GS SAPPHIRE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

7. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2019	Year ended 31 December 2018
	US\$'000	US\$'000
Bank charges	10	4
Management fees charged by group undertakings	4,429	1,377
Legal and professional fees	(414)	1,837
	<u>4,025</u>	<u>3,218</u>

The auditors' remuneration for the audit of the financial statements for the current year of £15,000 (US\$19,188) (31 December 2018: £15,000 (US\$19,946)) has been borne by a fellow group undertaking.

8. STAFF COSTS

As in the prior year, the company has no employees. All persons involved in the company's operations are employed by group undertakings and no costs are borne by the company.

9. DIRECTORS' EMOLUMENTS

The 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.

10. TAX ON PROFIT

	Year ended 31 December 2019	Year ended 31 December 2018
	US\$'000	US\$'000
Current tax:		
U.K. corporation tax	2,720	(3,315)
Adjustments in respect of prior periods	224	(65)
Total tax on profit	<u>2,944</u>	<u>(3,380)</u>

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 weighted average rate of U.K. corporation tax applicable to the company for the year of 19% (2018: 19%) to the profit before taxation.

	Year ended 31 December 2019	Year ended 31 December 2018
	US\$'000	US\$'000
Profit before taxation	14,344	8,641
Profit multiplied by the weighted average rate in the U.K. of 19% (2018: 19%)	2,725	1,642
Permanent differences	(5)	(5,156)
Foreign exchange differences	-	199
Adjustments in respect of prior periods	224	(65)
Total tax on profit	<u>2,944</u>	<u>(3,380)</u>

GS SAPPHIRE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

11. FIXED ASSET INVESTMENTS

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

	Provisions for		Net book value
	Cost	impairment	
	US\$'000	US\$'000	US\$'000
At 1 January 2018	834,292	(38,250)	796,042
Additions	80,576	-	80,576
Disposals	(6,299)	-	(6,299)
Write down of shares in group undertakings	(327,026)	-	(327,026)
At 31 December 2018	581,543	(38,250)	543,293
Additions (see note i)	43,723	-	43,723
Disposals (see note ii)	(17,439)	-	(17,439)
Transfers (see note ii)	(46,291)	-	(46,291)
Loss on sale and transfer of subsidiary undertaking (see note ii)	(3,462)	-	(3,462)
At 31 December 2019	558,074	(38,250)	519,824

i) During the year, the company subscribed for the following shares:

- 8,734,389 newly issued A ordinary shares of £1 each in Hammer Investment Limited for a total consideration of £8.8 million (US\$11.3 million).
- 9,126,430 ordinary shares of Danish Kr.0.01 each in Gateway Acquisitions APS for a total consideration of Danish Kr.59.5 million (US\$8.9 million).
- 27,805,379,497 ordinary A2 shares of £0.0001 each in Riverstone Living Holdings Limited for a total consideration of £6.6 million (US\$8.5 million).
- 12,000,000 ordinary shares of £1 each in Ainscough Holdings Limited for a total consideration of \$15.0 million.

ii) On 10 December 2019 the company sold 25% of its investment in Hammer Investment Limited (Hammer) to external investors for a total consideration of £13.3 million (US\$17.4 million). On the same day the company entered into a joint venture agreement with the external investors agreeing to joint control over Hammer's future affairs. As a result the company transferred its remaining investment to current asset investments (see note 12). The sale and subsequent transfer resulted in a US\$3.5 million loss.

iii) During the prior year, the company:

- Purchased 2 ordinary shares in Riverstone Living Holdings Limited from ELQ Investors VIII Ltd, a fellow group undertaking, for a total consideration of £2 (US\$2.6).
- Subscribed for 1,772,414,123 newly issued A2 ordinary shares of £0.01 each in Riverstone Living Holdings Limited for a total consideration of £17.7 million (US\$22.9 million).
- Subscribed for 44,200,000 newly issued A ordinary shares in Hammer Investments Limited for a total consideration of £44.2 million (US\$55.8 million).

GS SAPPHIRE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

11. FIXED ASSET INVESTMENTS (continued)

- Acquired via an in specie distribution from Bradley Hall Holdings Limited the entire issued share capital of Ainscough Holdings Limited for a total consideration of US\$1.8 million.
- Disposed of its entire holdings in Bradley Hall Holdings Limited for a total consideration of US\$6.3 million. Prior to the disposal Bradley Hall Holdings Limited cancelled all but two A1 ordinary shares and paid a dividend in specie to the company totalling US\$353.2 million.

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
Ainscough Holdings Limited ¹	Investment company	100%	Ordinary shares
		100%	B Shares
		100%	C Shares
GS International Funding ²	Investment company	100%	Ordinary shares
GS Sapphire Investment Limited ¹	Investment company	100%	A1 ordinary shares
Riverstone Living Holdings Limited ³	Investment company	99.72%	A2 ordinary shares
Gateway Acquisitions APS ⁴	Investment company	91.3%	Ordinary Shares

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

Name of company	Nature of business	Holding and proportion of voting rights	Class of shares held
Fair Zero S.A.R.L. ⁵	Investment company	100%	Ordinary shares
ELQ Investors III Ltd ¹	Investment company	100%	Ordinary shares
Kensington Row Property Limited ¹	Investment company	100%	Ordinary shares
Riverstone Operations Limited ³	Investment company	100%	Ordinary shares
Riverstone Development Limited ³	Investment company	100%	Ordinary shares
Fulham Riverside Property Limited ³	Investment company	100%	Ordinary shares

Registered office address at:

- 1 Plumtree Court, 25 Shoe Lane, London, EC4A 4AU, United Kingdom
- 2 P.O. Box 309, Umland House, George Town, KY1-1104, Cayman Islands
- 3 55 Baker street, 2 Physic Place, London, W1U 7EU, United Kingdom
- 4 Rues Langgards Vej 8,5, Copenhagen, 2300, Denmark
- 5 2, Rue du Fosse, L-1536, Luxembourg

GS SAPPHIRE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

12. CURRENT ASSETS INVESTMENTS

Current asset investments, which are stated at fair value (see note 20) comprise investments in joint ventures and other equity investments.

	31 December 2019 US\$'000	31 December 2018 US\$'000
Joint ventures	47,922	-
Other equity investments	39,198	25,099
	87,120	25,099

On 10 December 2019 the company transferred its remaining stake in Hammer Investment Limited of US\$46.3 million from fixed asset investments to current asset investments (see note 11).

In the prior year, the company acquired 4,410 ordinary shares and 4,900 preference shares in UCPIH Ltd for a total consideration of US \$25.0 million.

The joint ventures at the year end are:

Name of company	Nature of business	Proportion of nominal value held	Class of shares held
Hammer Investment Limited ¹	Investment company	73.34%	A ordinary shares

Registered office address at:

111 Old Jewry, London, EC2R 8DU, United Kingdom

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2019 US\$'000	31 December 2018 US\$'000
Amounts due from group undertakings	6,813	6,758
Group relief receivable	3,505	3,367
	10,318	10,125

Amounts due from group undertakings includes US\$0.1 million (31 December 2018: US\$3.8 million) in cash balances held on account by a fellow group undertaking.

GS SAPPHIRE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

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

	31 December 2019	31 December 2018
	US\$'000	US\$'000
Long-term loans due from group undertakings	437,140	417,388

Long-term loans due from group undertakings in the current and prior year includes:

- 14,584,295,071 Series A preferred equity certificates (PECs) of £0.01 each issued by GSG Athena S.A.R.L. totalling £145.8 million (US\$193.5 million) (31 December 2018: £145.8 million (US\$185.8 million)). Series A PECs are unsecured, carry a fixed interest rate of 6.35% and are mandatory redeemable
- 2,071,227,548 Series B preferred equity certificates (PECs) of £0.01 each issued by GSG Athena S.A.R.L. totalling £20.7 million (US\$27.5 million) (31 December 2018: £20.7 million (US\$26.4 million)). Series B PECs are unsecured, carry a fixed interest rate of 6.35% and are mandatory redeemable

Long-term loans due from group undertakings also includes A preference shares of £0.001 each issued by Riverstone Holdings Limited totalling £97.5 million (US\$129.3 million) (31 December 2018: £70.9 million (US\$91.7 million)). The preference shares do not carry any voting rights, are unsecured and carry interest at 3.5% over 3 month £ LIBOR. The preference shares are redeemable by the company at anytime after 21 June 2028 or with less than ten (10) days redemption notice by Riverstone Living Holdings Limited.

Long-term loans due from group undertakings also includes amounts totalling £13.7 million (US\$18.2 million) (31 December 2018: £43.0 million (US\$54.8 million) and US\$4.5 million (31 December 2018: US\$17.0 million) advanced to Goldman Sachs International, a fellow group undertaking under the terms of an existing facility dated 19 March 2015. The facility is unsecured, carries interest at a variable margin over the U.S. Federal Reserve's federal funds rate and is repayable at the earlier of 367 days from when the company demands or 18 January 2038.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2019	31 December 2018
	US\$'000	US\$'000
Group relief payable	3,735	654
Amounts due to group undertakings	27,716	10,812
	<u>31,451</u>	<u>11,466</u>

GS SAPPHIRE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

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

	31 December 2019	31 December 2018
	US\$'000	US\$'000
Long-term loans due to group undertaking	414,705	407,185

Long-term loans due to group undertakings in the current and prior year includes a loan of US\$204.2 million advanced to the company by GS Sapphire Investment Limited, a fellow group undertaking, under the terms of an existing loan agreement dated 7 August 2015. The loan is repayable at the earlier of 367 days notice by GS Sapphire Investment Limited, or 18 January 2038. The loan is unsecured and carries interest at a variable margin over the U.S. Federal Reserve's federal funds rate.

Long-term loans due to group undertakings in the current and prior year also includes amounts totalling US\$22.1 million (31 December 2018: US\$60.9 million) and £142.0 million (US\$188.4 million) (31 December 2018: £111.5 million (US\$142.1 million)) advanced to the company by Goldman Sachs International under the terms of an existing facility dated 19 March 2015. The facility is repayable at the earlier of 367 days notice by Goldman Sachs International or 18 January 2038. The facility is unsecured and carries interest at a variable margin over the U.S. Federal Reserve's federal funds rate.

17. CALLED UP SHARE CAPITAL

At 31 December 2019 and 31 December 2018 called up share capital comprised:

	31 December 2019		31 December 2018	
	No.	US\$	No.	US\$
<u>Allotted, called up and fully paid</u>				
Ordinary shares of £1 each	25,026,501	39,141,500	25,026,501	39,141,500
Ordinary shares of \$1 each	16,397,486	16,397,486	16,397,486	16,397,486
		<u>55,538,986</u>		<u>55,538,986</u>

18. OTHER RESERVES

Other reserves of US \$15.9 million (2018: US\$15.9 million) represents the difference between the fair value of shares issued and the fair value of assets received as consideration, in prior periods. These reserves are distributable.

19. FINANCIAL COMMITMENTS AND CONTINGENCIES

The table below presents the company's commitments and contingencies.

	31 December 2019	31 December 2018
	US\$'000	US\$'000
Equity commitments to a third party	31,002	-

GS SAPPHIRE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

20. FINANCIAL RISK 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, equity price 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.

If interest rates had been 0.5 percent higher/lower and all other variables were held constant, the company's profit before taxation for the year ended 31 December 2019 would have been US\$2.1 million higher/lower (2018: US\$2.8 million). This has been determined by assuming that the company's exposure to interest rate risk at balance sheet date was consistent for the whole year.

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 2019, the company had US\$285.1 million (2018: US\$258.2 million) net exposures to British Pound through its investments in PECs which are hedged in a fellow group undertaking.

The company manages its interest rate and currency risks as part of GS Group's risk management policy, by establishing economic hedges as appropriate to the circumstances of the company.

Equity price risk arises from exposures to changes in prices and volatilities of individual investments. The sensitivity analysis below has been determined based on the company's exposure to equity price risk at the balance sheet date. If equity values had been 10 per cent higher/lower, profit before taxation for the year ended 31 December 2019 would increase/decrease by US\$8.7 million (2018: US\$2.5 million) as a result of the changes in fair value.

GS SAPPHIRE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

20. FINANCIAL RISK 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 listed below as at 31 December 2019 and 31 December 2018. The company's credit exposures are described further below:

Cash at bank and in hand. Cash at bank and in hand include both interest-bearing and non-interest-bearing deposits. To mitigate the risk of credit loss, the company places substantially all of its deposits with highly-rated banks.

Debtors. The company is exposed to credit risk from its amounts due from group undertakings, for which the credit risk is considered minimal. As at 31 December 2019, the company had no debtors past due (31 December 2018: 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.

GS SAPPHIRE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

21. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a. Financial assets and financial liabilities by category

The table below presents the carrying value of the company's financial assets and financial liabilities by category:

	31 December 2019		
	Mandatorily at fair value	Amortised cost	Total
	US\$'000	US\$'000	US\$'000
Financial assets			
Current asset investments	87,120	-	87,120
Cash at bank and in hand	-	3,952	3,952
Debtors	-	447,458	447,458
	87,120	451,410	538,530

	31 December 2019		
	Mandatorily at fair value	Amortised cost	Total
	US\$'000	US\$'000	US\$'000
Financial liabilities			
Amounts due to group undertakings	-	(446,156)	(446,156)
	-	(446,156)	(446,156)

	31 December 2018		
	Mandatorily at fair value	Amortised cost	Total
	US\$'000	US\$'000	US\$'000
Financial assets			
Current asset investments	25,099	-	25,099
Cash at bank and in hand	-	23,544	23,544
Debtors	-	427,513	427,513
	25,099	451,057	476,156

	31 December 2018		
	Mandatorily at fair value	Amortised cost	Total
	US\$'000	US\$'000	US\$'000
Financial liabilities			
Amounts due to group undertakings	-	(418,651)	(418,651)
	-	(418,651)	(418,651)

b. Fair value hierarchy

FRS 101 has a three level fair value hierarchy for disclosure of fair value measurements. The fair value hierarchy prioritises inputs to the valuation techniques used to measure fair value, giving the highest priority to level 1 inputs and lowest priority to level 3 inputs. A financial instrument's level in the fair value hierarchy is based on the lowest level of any input that is significant to its fair value measurement.

GS SAPPHIRE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

21. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The fair value hierarchy is as follows:

- Level 1 Inputs are unadjusted quoted prices in active markets to which the group has access at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 Inputs to valuation techniques are observable, either directly or indirectly.
- Level 3 One or more inputs to valuation techniques are significant and unobservable.

The fair values for substantially all of the company's financial assets and financial liabilities are based on observable prices and inputs and are classified in levels 1 and 2 of the fair value hierarchy. Certain level 2 and level 3 financial assets and financial liabilities may require appropriate valuation adjustments that a market participant would require to arrive at fair value for factors such as counterparty and the company's and GS Group's credit quality, funding risk, transfer restrictions, liquidity and bid/offer spreads. Valuation adjustments are generally based on market evidence.

c. Valuation techniques and significant inputs

Equity Investments and investments in Joint ventures

Valuation techniques and significant inputs for each level of the fair value hierarchy include:

- Level 1 cash instruments are valued using quoted prices for identical unrestricted instruments in active markets. The company defines active markets for debt instruments based on both average daily trading volume and number of days with trading activity.
- Level 2 cash instruments can be verified to quoted prices, recent trading activity for identical or similar instruments, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. Consideration is given to the nature of the quotations (e.g. indicative or firm) and the relationship of recent market activity to the prices provided from alternative pricing sources.

Valuation adjustments are typically made to level 2 financial instruments (i) if the financial instrument is subject to transfer restrictions and/or (ii) for other premiums and liquidity discounts that a market participant would require to arrive at fair value. Valuation adjustments are generally based on market evidence.

- Level 3 cash instruments have one or more significant valuation inputs that are not observable. Absent evidence to the contrary, level 3 cash instruments are initially valued at transaction price, which is considered to be the best initial estimate of fair value. Subsequently, the company uses other methodologies to determine fair value, which vary based on the type of instrument. Valuation inputs and assumptions are changed when corroborated by substantive observable evidence, including values realised on sales of financial assets.

GS SAPPHIRE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

21. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

d. Significant unobservable inputs used in Level 3 fair value measurement

As of 31 December 2019 the company had level 3 financial assets measured at fair value through profit and loss of US\$39.0 million (31 December 2018: US\$nil). The table below presents the significant unobservable inputs used to value the level 3 financial assets, and the related weighted averages.

Level 3 financial assets measured at fair value through the profit and loss	Valuation techniques and significant unobservable inputs	Significant unobservable inputs (where a range, weighted average)
		As of 31 December 2019
Equity instruments	Market comparable: * Capitalization rate	11.4 %

e. Fair value of financial assets by level

The tables below present, by level within the fair value hierarchy, financial assets measured at fair value on a recurring basis.

	As of 31 December 2019			
	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Financial assets at fair value				
Investments	-	48,140	38,980	87,120
	-	48,140	38,980	87,120

	As of 31 December 2018			
	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Financial assets at fair value				
Investments	-	25,099	-	25,099
	-	25,099	-	25,099

GS SAPPHIRE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

21. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

f. Level 3 rollforward

The tables below present the changes in fair value for all level 3 financial assets and financial liabilities. Gains and losses arising on level 3 assets are recognised within trading profit in the profit and loss account.

	31 December 2019	
	Equity Instruments US\$'000	Total US\$'000
Level 3 financial assets at fair value		
Balance, beginning of year	-	-
Transfers into level 3	38,980	38,980
Balance, end of year	<u>38,980</u>	<u>38,980</u>

During 2019 and 2018, there were no significant transfers between level 1 and level 2 financial assets and financial liabilities measured at fair value on a recurring basis.

g. Fair value of financial assets valued using techniques that incorporate unobservable inputs

The fair value of financial assets may be determined in whole or part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument or based on available observable market data and changing these assumptions will change the resultant estimate of fair value.

The potential impact of using reasonable possible alternative assumptions for the valuation, including significant unobservable inputs, has been quantified as of 31 December 2019, as approximately US\$4.6 million for favourable changes and US\$5.1 million for unfavourable changes.

h. Fair value of financial assets and financial liabilities not measured at fair value

The company has US\$451.4 million (31 December 2018: US\$451.1 million) of current financial assets and US\$31.5 million (31 December 2018: US\$11.5 million) of current financial liabilities that are not measured at fair value. Given the short-term nature of these instruments, their carrying amounts in the balance sheet are a reasonable approximation of fair value.

GS SAPPHIRE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

21. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

i. Maturity of financial liabilities

The tables below present the undiscounted cash flows of the company's financial liabilities by contractual maturity including interest that will accrue.

	31 December 2019					Total US\$'000
	Less than one month US\$'000	1-3 months US\$'000	3 months to 1 year US\$'000	1-5 years US\$'000	5+ years US\$'000	
Financial assets at fair value						
Creditors: Amounts falling due within one year	-	31,451	-	-	-	31,451
Creditors: Amounts falling due after more than one year	-	-	-	-	414,705	414,705
Total	-	31,451	-	-	414,705	446,156

	31 December 2019					Total US\$'000
	Less than one month US\$'000	1-3 months US\$'000	3 months to 1 year US\$'000	1-5 years US\$'000	5+ years US\$'000	
Financial assets at fair value						
Creditors: Amounts falling due within one year	-	11,466	-	-	-	11,466
Creditors: Amounts falling due after more than one year	-	-	-	-	407,185	407,185
Total	-	11,466	-	-	407,185	418,651

22. POST BALANCE SHEET EVENTS

Since the balance sheet date there has been a global outbreak of a coronavirus disease (COVID-19) which has caused widespread disruption to financial markets and normal patterns of business activity across the world. At the date of signing the company had not incurred any material financial impact associated to COVID-19 however, in view of its evolving nature it is not currently possible to estimate any potential future financial effects of COVID-19 on the company.