

Company Number: 5035199

PMF-2, LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2012



REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012

1. Principal activities

PMF-2 Ltd ('the company') provides financing, through a funded participation agreement, to a group undertaking that holds a portfolio of non-performing receivables collateralised against residential real estate

The company's principal business is transacted in the euro and accordingly, the company's functional currency is the euro and these financial statements have been prepared in that currency

2 Review of business and future developments

The financial statements have been drawn up for the year ended 31 December 2012. Comparative information has been presented for the year ended 31 December 2011.

The results for the year are shown in the profit and loss account on page 5. Loss on ordinary activities before taxation for the year was €1.6m (year ended 31 December 2011: loss of €2.9m). The company has total assets of €9.4m (31 December 2011: €8.7m).

During the year the company issued 1,970,128 redeemable shares of EUR 1 each for a total consideration of €1,970,128.

Future outlook and going concern

The group undertaking to which the company provides financing has sold majority of its portfolio of non-performing receivables and investment properties in prior years. The directors will undertake an assessment of the future developments of the company, however it is not expected that the company will undertake any new business activity for the foreseeable future. As a result the directors have not prepared the financial statements on a going concern basis.

Financial risk management

The company's risk management objectives and policies, as well as its risk exposures are described in note 17 of the financial statements.

3. Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2012 (year ended 31 December 2011: €nil).

4. Exchange rate

The sterling / euro exchange rate at the balance sheet date was 1.23 (31 December 2011: 1.20). The average rate for the year was 1.23 (year ended 31 December 2011: 1.16).

REPORT OF THE DIRECTORS (continued)

5. Directors

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

Name

S A Collins

C Marte

G P Minson

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

6. 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

7. Statement of Directors' responsibilities

The directors are responsible for the preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial 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 accounts, 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 accounts 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 accounts 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

8. Auditors

Prior to 1 October 2007, the company passed an elective resolution under section 386 of the Companies Act 1985 to dispense with the annual reappointment of auditors. PricewaterhouseCoopers LLP will, accordingly, continue in office as auditors of the company pursuant to section 487(2) of the Companies Act 2006 and paragraph 44 of Schedule 3 to the Companies Act 2006 (Commencement No. 3 Consequential Amendment, Transitional Provisions and Savings) Order 2007

PMF-2, LTD

REPORT OF THE DIRECTORS (continued)

9. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 27 March 2013

BY ORDER OF THE BOARD



Secretary

Thomas Kelly

Independent auditors' report to the members of PMF-2, LTD

We have audited the financial statements of PMF-2, Ltd for the year ended 31 December 2012 which comprise the Profit and Loss account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 2) the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter – Basis of preparation

We draw our attention to the statements of accounting policies which explains that the directors of the group undertaking to which the company provides financing have sold majority of its portfolio of non-performing receivables and investment properties during the year. The directors are not expecting any new activity in the near future. As a result the directors have not prepared the financial statements on a going concern basis. Adjustments have been made in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision and to reclassify fixed assets and long-term liabilities as current assets and liabilities. Our opinion is not qualified in this respect.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Alastair Findlay (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London 27 March 2013

PMF-2, LTD

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2012

		Year Ended	Year Ended
		31 December 2012	31 December 2011
	Note	EUR	EUR
Interest payable and similar charges	4	(1,277,841)	(1,774,318)
Administrative expenses		(330,172)	(1,099,932)
OPERATING LOSS	5	(1,608,013)	(2,874,250)
Interest receivable and similar income	6	9,150	3,569
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,598,863)	(2,870,681)
Tax on loss on ordinary activities	9	459,255	843,930
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		(1,139,608)	(2,026,751)

The operating loss of the company for the year is derived from discontinued operations in the current and prior years

There is no material difference between the loss on ordinary activities before taxation and the loss for the year as stated above and their historical cost equivalents

The company has no recognised gains and losses other than those included in the loss for the year above, and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 7 to 13 form an integral part of these financial statements
Independent auditors' report – page 4

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BALANCE SHEET

as at 31 December 2012

		31 December 2012 EUR	31 December 2011 EUR
	Note		
CURRENT ASSETS			
Financial assets	10	-	7,192,267
Debtors	11	9,378,090	1,463,748
Cash at bank and in hand		967	799
		<u>9,379,057</u>	<u>8,656,814</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	<u>(49,660,573)</u>	<u>(49,768,850)</u>
NET CURRENT LIABILITIES		<u>(40,281,516)</u>	<u>(41,112,036)</u>
NET LIABILITIES		<u>(40,281,516)</u>	<u>(41,112,036)</u>
CAPITAL AND RESERVES			
Called up share capital	13	12,023,179	10,053,051
Profit and loss account	14	<u>(52,304,695)</u>	<u>(51,165,087)</u>
TOTAL SHAREHOLDER'S DEFICIT	15	<u>(40,281,516)</u>	<u>(41,112,036)</u>

The financial statements were approved by the Board of Directors on 27 March 2013 and signed on its behalf by

SA 

Director

Shaun Collins

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012

1. ACCOUNTING POLICIES

a. Accounting convention

These financial statements have been prepared, under the historical cost convention (modified as explained in note 1b), and in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies are set out below and have been applied consistently throughout the year.

b. Going concern

The company has net liabilities of €40.3m as at 31 December 2012. The company is a funding vehicle to a group undertaking that owns a portfolio of non-performing receivables collateralised against real estate and properties repossessed. During the prior years the directors of the group undertaking have sold majority of its assets. This impacts the company's principal activity and as a result the company has written down its assets to net realisable value. Given these circumstances, the directors have not prepared the financial statements on a going concern basis. The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent that such costs are committed at the balance sheet date.

c. Foreign currencies

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

d. Revenue recognition

Revenue from loans is only recognised once proceeds received exceed the purchase cost plus related acquisition cost of the loan, from which point collections received are recognised in the period of receipt. No interest income is accrued in respect of the loans.

e. Financial assets

Financial assets are stated at net realisable value. Any impairment to net realisable value is recognised in the profit and loss account within administrative expenses.

f. Other assets and liabilities

Other assets and liabilities are initially recognised at fair value and are subsequently remeasured at amortised cost with income and expense recognised on an accruals basis. All income and expense including any impairment caused by the changes in the expected cashflows are recognised in the profit and loss account.

g. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future or a right to pay less tax in the future. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012**2. REPORTING AND DISCLOSURE EXEMPTIONS****a. FRS1 (Revised 1996) - Cash flow statements**

The company is a wholly owned subsidiary of GS European Opportunities Fund B V , and is therefore exempt from preparing a cash flow statement as required by FRS1 (Revised 1996) - Cash flow statements, as the immediate parent company accounts are publicly available

b. FRS8 'Related Party Disclosures'

Under the terms of FRS8 - Related party disclosures, the company is exempt from disclosing transactions with companies wholly owned within the same group, as the consolidated financial statements in which the company is included are publicly available

3. SEGMENTAL REPORTING

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

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 December 2012	Year Ended 31 December 2011
	EUR	EUR
Interest expense on subordinated loan to group undertaking	1,060,636	1,441,712
Interest expense on subordinated loan to parent undertaking	202,567	255,130
Interest expense on third party loan	14,638	77,476
	1,277,841	1,774,318

Interest expense that relates to the funding of operating activities has been charged against operating loss

5. OPERATING LOSS

	Year Ended 31 December 2012	Year Ended 31 December 2011
	EUR	EUR
Operating loss is stated after charging:		
Impairment of receivable under participation agreement (see note 10)	(275,646)	1,033,943
Provision for payment to group undertaking (see note 12)	563,309	-
Management fees payable to group undertaking	18,382	30,910
Auditors' remuneration - audit services	6,691	6,179

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2012	Year Ended 31 December 2011
	EUR	EUR
Interest on money market investments	9,150	3,569

PMF-2, LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012

7. STAFF COSTS

The company has no employees (31 December 2011 nil) All persons involved in the company's operations are employed by a group undertaking The charges for services provided to the company are included in management fees payable to group undertaking (see note 5)

8. DIRECTORS' EMOLUMENTS

	Year Ended 31 December 2012 EUR	Year Ended 31 December 2011 EUR
Directors:		
Aggregate emoluments	980	475
Company pension contributions to money purchase schemes	13	9
	993	484

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 Directors also receive emoluments for non-qualifying services which are not required to be disclosed

During the year all directors were members of the defined contribution pension scheme and all directors are members of the defined benefit pension scheme All directors have received or are due receipt of shares under a long term incentive scheme The long term incentive scheme and the pension schemes are operated by The Goldman Sachs Group, Inc No directors have exercised options

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012

9. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of tax for the year:

	Year Ended 31 December 2012 EUR	Year Ended 31 December 2011 EUR
Current tax		
UK corporation tax at 24.5% (2011: 26.5%)	-	-
Amount receivable from a fellow group undertaking in respect of group relief	(459,255)	(486,736)
Adjustments in respect of prior periods	-	(357,194)
Total current tax (see note (b) below)	(459,255)	(843,930)

(b) Factors affecting tax for the year

The current tax assessed for the year differs from the standard rate of corporation tax in the UK measured at 24.5% following the change in corporation tax rate from 1 April 2012 to 24% (31 December 2011: 26%). The differences are explained below:

	Year Ended 31 December 2012 EUR	Year Ended 31 December 2011 EUR
Loss on ordinary activities before tax	(1,598,863)	(2,870,681)
Loss on ordinary activities at the standard rate in the UK 24.5% (2011: 26.5%)	(391,721)	(760,730)
Expenses disallowed for the purpose of tax provision	(67,534)	273,994
Adjustments in respect of the prior periods	-	(357,194)
Current tax for the year	(459,255)	(843,930)

Group relief represents amounts receivable from group undertakings in consideration of the surrender of losses under group relief arrangements.

A potential deferred tax asset of €2,470,021 (31 December 2011: €2,638,819) has not 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.

PMF-2, LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012**10. FINANCIAL ASSETS**

	31 December 2012	31 December 2011
	EUR	EUR
Financial assets	-	7,192,267

Financial assets represent funded participation agreements entered into with PMF-1, Ltd and PMF-2 (BES I) Ltd, fellow group undertakings. The funding was used by PMF-1, Ltd to purchase a portfolio of non-performing receivables. The maximum facility is €71,038,245 and matures on the date of liquidation of the last mortgage asset. Through participating in this agreement the company is committed, where requested, within 10 business days, to provide additional funds for future operating expenditure in accordance with PMF-1, Ltd's business plans in relation to the existing portfolio.

As at 31 December 2012, the amount utilised under this agreement was €55,045,692 (31 December 2011: €54,666,605).

Financial assets have been stated at net realisable value. A reversal of impairment of €275,646 (2011: impairment of €1,033,943) has been recognised in the profit and loss account within administrative expenses (see note 5).

11. DEBTORS

	31 December 2012	31 December 2011
	EUR	EUR
Money market investments	7,978,219	520,169
Group tax relief receivable	1,399,871	940,616
Other debtors	-	2,963
	9,378,090	1,463,748

PMF-2, LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2012	31 December 2011
	EUR	EUR
Third party loan	-	1,948,627
Interest payable on third party loan	-	6,858
Subordinated loan payable to group undertaking	-	27,609,148
Amounts due to group undertaking	39,266,126	-
Interest payable to group undertaking	-	10,596,342
Subordinated loan payable to parent undertaking	9,403,510	9,200,943
Other payable to group undertaking	563,309	-
Other accrued expenses	427,628	406,932
	<u>49,660,573</u>	<u>49,768,850</u>

The third party loan and interest payable on third party loan were fully repaid

The subordinated loan payable to parent undertaking matures on 31 December 2015 and accrues interest at three month Euribor plus 1.5%

Amounts due to group undertaking represents redeemable Class B shares issued at par on 6 November 2012 in lieu of the subordinated loan payable and interest accrued thereon. The redeemable shares are redeemable on demand by either parties and are non-interest bearing.

The subordinated loans to group and parent undertakings have been classified as due within one year in the current year as the financial statements have not been prepared on going concern basis (see note 1b)

13. CALLED UP SHARE CAPITAL

At 31 December 2012 and 31 December 2011 share capital comprised

	31 December 2012		31 December 2011	
	Number	EUR	Number	EUR
<u>Allotted, called up and fully paid</u>				
Ordinary shares of USD 1 each	1	1	1	1
Redeemable shares of EUR 1 each				
Class A	12,023,178	12,023,178	10,053,050	10,053,050
		<u>12,023,179</u>		<u>10,053,051</u>

The redeemable Class A shares issued to date are redeemable at par, there is no fixed expiry date on their redemption and they are redeemable at the option of the company. The redeemable shares have the same rights to dividends, voting rights and priority on winding up as ordinary shares.

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

During the year the company issued 1,970,128 redeemable shares of EUR 1 each for a total consideration of €1,970,128 to its immediate parent undertaking.

PMF-2, LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012

14. PROFIT AND LOSS ACCOUNT

	31 December 2012
	EUR
At 31 December 2011	(51,165,087)
Loss for the financial year	(1,139,608)
At 31 December 2012	<u>(52,304,695)</u>

15. RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDER'S DEFICIT

	31 December 2012	31 December 2011
	EUR	EUR
Loss for the financial year	(1,139,608)	(2,026,751)
Net decrease in shareholder's deficit	(1,139,608)	(2,026,751)
Opening shareholder's deficit	(41,112,036)	(39,085,285)
Share capital issued (see note 13)	1,970,128	-
Closing shareholder's deficit	<u>(40,281,516)</u>	<u>(41,112,036)</u>

16. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company has no financial commitments and contingencies outstanding at the year ended (31 December 2011 nil)

17. FINANCIAL RISK MANAGEMENT

The company is exposed to financial risk through its financial assets and liabilities. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the most important components of financial risk the directors consider relevant to the entity are interest rate risk, market risk, credit risk and liquidity risk. The company, as part of a global group, adheres to global risk management policies and procedures to mitigate these risks.

18. ULTIMATE AND IMMEDIATE PARENT UNDERTAKINGS

The immediate parent undertaking and the parent undertaking of the smallest group for which consolidated financial statements are prepared is GS European Opportunities Fund B V, a company registered in the Netherlands.

The ultimate parent undertaking and the parent company of the largest group for which consolidated financial statements are prepared is The Goldman Sachs Group, Inc., a company incorporated within the United States of America. Copies of its consolidated financial statements, as well as certain regulatory filings, for example Forms 10-Q and 10-K that provide additional information on the group and its business activities, can be obtained from 200 West Street, New York, NY 10282, United States of America, the group's principal place of business or at www.goldmansachs.com/shareholders/.