Company Number: 6919578

# PMF-2 (BES I) LTD

## DIRECTORS' REPORT AND FINANCIAL STATEMENTS

## 31 DECEMBER 2013

## REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the year ended 31 December 2013. A strategic report has not been prepared as the company is entitled to the small companies exemption under section 414A of the Companies Act 2006.

### 1. Principal activities

PMF-2 (BES I) LTD ('the company') provides financing, through a funded participation agreement, to a group undertaking that holds a portfolio of non-performing loan receivables collateralised against investment properties.

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'). Group Inc. together with its consolidated subsidiaries form the 'group'. The group is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals.

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 2013. Comparative information has been presented for the year ended 31 December 2012.

The results for the year are shown in the profit and loss account on page 6. Loss on ordinary activities before taxation for the year was €0.2 million (year ended 31 December 2012: loss on ordinary activites before taxation €0.4 million). The company has net liabilities of €nil (31 December 2012: €1.6 million).

On 9 May 2013, the company's immediate parent undertaking European Index Assets B.V. (formerly GS Opportunities Fund B.V.) sold all its ordinary shares in the company to its parent undertaking ELQ Investors, Ltd. As a result the company's immediate parent undertaking changed to ELQ Investors, Ltd.

**Future outlook and going concern**

The directors do not expect 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. All assets and liabilities have been classified as current in the balance sheet and assets reduced to their realisable values, and provisions made where necessary, for liabilities and other commitments.

**Financial risk management**

The company's risk management objectives and policies, as well as its risk exposures, are described in note 18 of the financial statements.

### 3. Dividends

On 1 November 2013, the board declared an interim dividend of €1,700,000 to its immediate parent undertaking from distributable reserves created during the year (see note 15). The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2013 (year ended 31 December 2012: €nil).

### 4. Exchange rate

The British pound / Euro exchange rate at the balance sheet date was £ / € 1.20 (31 December 2012: £ / € 1.23). The average rate for the year was £ / € 1.18 (year ended 31 December 2012: £ / € 1.23).

**REPORT OF THE DIRECTORS (continued)**

**5. Directors**

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

| Name | Appointed | Resigned |
|---|---|---|
| S. A. Collins | | 10 April 2013 |
| M. Holmes | 1 August 2013 | |
| C. Marte | | 21 March 2014 |
| G. P. Minson | | |

No director had, at the year 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. Independent auditors**

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

**8. Statement of Directors' responsibilities**

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

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. In preparing those 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.

**REPORT OF THE DIRECTORS (continued)**

**9. Date of authorisation of issue**

The financial statements were authorised for issue by the Board of Directors on 21/7/2014

**BY ORDER OF THE BOARD**

**Secretary**

Thomas Kelly

# Independent auditors' report to the members of PMF-2 (BES I) LTD

## Report on the financial statements

### Our Opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

### Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1b to the financial statements concerning the basis of accounting. The company has net liabilities of €38,678 as at 31 December 2013. The directors do not expect to undertake any new business activity for the foreseeable future. Given these circumstances the directors have not prepared the financial statements on a going concern basis. Accordingly, the going concern basis of accounting is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1b to the financial statements. Adjustments have been made in the prior years 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. No further adjustments were necessary in the current year.

### What we have audited

The finacial statements, which are prepared by PMF-2 (BES I) Ltd, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include other explanatory information.

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).

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

### What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### 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.

### Other matters on which we are required to report by exception

**Adequacy of accouting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exception to report arising from this responsibility.

**Directors' remuneration**

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

**Entitlement to exemptions**

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

**Responsibilities for the financial statements and the audit**

**Our responsibilities and those of the directors**

As explained more fully in the statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Alastair Findlay (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 July 2014

## PROFIT AND LOSS ACCOUNT

### for the year ended 31 December 2013

| | Note | Year Ended 31 December 2013 EUR | Year Ended 31 December 2012 EUR |
|---|---|---|---|
| Interest payable and similar charges | 4 | - | (134,201) |
| Administrative expenses | | (152,015) | (306,576) |
| **OPERATING LOSS** | 5 | (152,015) | (440,777) |
| Interest receivable and similar income | 6 | 367 | 565 |
| **LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION** | | (151,648) | (440,212) |
| Tax charge on profit on ordinary actvities | 9 | (390,388) | 72,464 |
| **LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL YEAR** | | (542,036) | (367,748) |

The operating loss of the company for this 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.

## BALANCE SHEET

**as at 31 December 2013**

| | Note | 31 December 2013 EUR | 31 December 2012 EUR |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Financial assets | 10 | - | - |
| Debtors | 11 | 42,609 | 441,993 |
| Cash at bank and in hand | | 559,121 | 2,038,234 |
| | | 601,730 | 2,480,227 |
| **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR** | 12 | (640,408) | (4,118,793) |
| **NET CURRENT LIABILITIES** | | (38,678) | (1,638,566) |
| **NET LIABILITIES** | | (38,678) | (1,638,566) |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | 13 | 3,429,412 | 1,873,762 |
| Profit and loss account | 14 | (4,054,364) | (3,512,328) |
| Other reserves | 15 | 586,274 | - |
| **TOTAL SHAREHOLDER'S DEFICIT** | 16 | (38,678) | (1,638,566) |

The financial statements were approved by the Board of Directors on 21/7/2014 and signed on its behalf by:

M. Hl

Director

Thomas Kelly

The notes on pages 8 to 14 form an integral part of these financial statements.
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## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013

### 1. ACCOUNTING POLICIES

**a. Accounting convention**

The 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 €nil as at 31 December 2013. The directors do not expect that the company will undertake any new business in the forseeable future, and hence have not prepared the financial statements on a going concern basis. All assets and liabilities have been classified as current in the balance sheet and assets reduced to their realisable values, and provisions made where necessary, for liabilities and other commitments. 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 loss.

**d. Financial assets**

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

**e. 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 are recognised in the profit and loss account.

**f. 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 with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013

### 2. REPORTING AND DISCLOSURE EXEMPTION

**a. FRS1 (Revised 1996) - Cash flow statements**

The company is a greater than 90% subsidiary of The Goldman Sachs Group, Inc., whose consolidated accounts include the company and are publicly available and is, therefore, exempt from preparing a cash flow statement as required by FRS1 (Revised 1996) - Cash flow statements.

**b. FRS8 - Related party disclosures**

The company is a wholly-owned subsidiary of The Goldman Sachs Group, Inc., whose consolidated accounts include the company and are publicly available. As a result, under the terms of paragraph 3(c) of FRS8 - Related party disclosures, the company is exempt from disclosing transactions with companies also wholly owned within the group.

### 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 2013 EUR | Year Ended 31 December 2012 EUR |
|---|---|---|
| Interest expense on subordinated loan to group undertaking | - | **134,201** |

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

### 5. OPERATING LOSS

| | Year Ended 31 December 2013 EUR | Year Ended 31 December 2012 EUR |
|---|---|---|
| **Operating loss is stated after charging:** | | |
| Impairment of receivable under participation agreement (see note 10) | 131,975 | 144,440 |
| Provision for payment to group undertaking | - | 136,667 |
| Accounting fees payable to group undertaking | 12,959 | 18,381 |
| Auditors' remuneration - audit services | 6,777 | 6,691 |

### 6. INTEREST RECEIVABLE AND SIMILAR INCOME

| | Year Ended 31 December 2013 EUR | Year Ended 31 December 2012 EUR |
|---|---|---|
| Bank interest income | **367** | **565** |

### 7. STAFF COSTS

The company has no employees (31 December 2012: nil). All persons involved in the company's operations are employed by a group undertaking and no charge is borne by the company.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013

## 8. DIRECTORS' EMOLUMENTS

| | Year Ended 31 December 2013 EUR | Year Ended 31 December 2012 EUR |
|---|---|---|
| **Directors:** | | |
| Aggregate emoluments | 840 | 980 |
| Company pension contributions to money purchase schemes | 12 | 13 |
| | **852** | **993** |

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. In accordance with schedule 5 of SI 2008/410, this only includes the value of cash and benefits in kind. Directors also receive emoluments for non-qualifying services which are not required to be disclosed.

All the directors were members of a defined contribution pension scheme and all of the directors were members of a defined benefit pension scheme during the year. All directors have received or are due receipt of shares under a long term incentive scheme during the year. No directors have exercised options during the year.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013

### 9. TAX ON LOSS ON ORDINARY ACTIVITIES

**(a) Analysis of tax charge / (credit) for the year:**

| | Year Ended 31 December 2013 EUR | Year Ended 31 December 2012 EUR |
|---|---|---|
| **Current tax** | | |
| Group relief receivable from fellow group undertakings | (4,574) | (72,464) |
| Adjustments in respect of prior periods | 394,962 | - |
| **Total current tax (see note (b) below)** | **390,388** | **(72,464)** |

**(b) Factors affecting tax for the year**

The difference between the total current tax shown above and the amount calculated by applying the weighted average rate of UK corporation tax applicable to the company for the year of 23.25% (31 December 2012: 24.5%) to the loss on ordinary activities before tax is as follows:

| | Year Ended 31 December 2013 EUR | Year Ended 31 December 2012 EUR |
|---|---|---|
| Loss on ordinary activities before tax | (151,648) | (440,212) |
| Loss on ordinary activities at the standard rate in the UK 23.25% (2012: 24.5%) | (35,258) | (107,852) |
| Expenses disallowed for purpose of the tax provision | 30,684 | 35,388 |
| Adjustment to tax in respect of prior periods | 394,962 | - |
| **Current tax for the year** | **390,388** | **(72,464)** |

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

Adjustments in respect of prior periods in the current year represent losses which have been transferred to group undertakings for consideration in previous periods but which are now no longer being surrendered by the company. The losses give rise to a potential deferred tax asset of €364,934 (31 December 2012: €63,207) which 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013

## 10. FINANCIAL ASSETS

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| | EUR | EUR |
| Financial assets | - | - |

Financial assets represent a funded participation agreement entered into with PMF-1, Ltd and PMF-2, Ltd fellow group undertakings. The funding was used by PMF-1, Ltd to purchase a portfolio of non-performing loan receivables. The maximum facility provided by PMF-2 (BES I) LTD is €32,529,956 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 2013, the amount utilised under this agreement was €26,779,018 (31 December 2012: €26,647,043) and an impairment of €131,975 (31 December 2012: €144,440) has been recognised in the profit and loss account within administrative expenses (see note 5) as financial asstes have been stated at net realisable value.

## 11. DEBTORS

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| | EUR | EUR |
| Group tax relief receivable | **42,609** | **441,993** |

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

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| | EUR | EUR |
| Amounts due to group undertaking | - | 3,841,924 |
| Group tax relief payable | 361,449 | - |
| Other payables to group undertakings | 278,959 | 276,746 |
| Other creditors and accruals | - | 123 |
| | **640,408** | **4,118,793** |

Amounts due to group undertaking represents Euro redeemable shares issued on 6 November 2012 in lieu of a subordinated loan payable and interest accrued thereon. The redeemable shares were redeemable on demand by either party and were non-interest bearing and were consequently classified as deemed liabilities.

Further on 4 October 2013, the redeemable shares were converted to ordinary share capital, ranking pari passu with existing ordinary share capital (see note 13).

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013

### 13. CALLED UP SHARE CAPITAL

At 31 December 2013 and 31 December 2012 share capital comprised:

| | 31 December 2013 | | 31 December 2012 | |
|---|---|---|---|---|
| | Number | EUR | Number | EUR |
| **Allotted, called up and fully paid** | | | | |
| Ordinary shares of €0.60 each | 5,715,686 | 3,429,412 | - | - |
| Ordinary shares of €1 each | - | - | 1,873,762 | 1,873,762 |
| Redeemable shares of €1 each | - | - | 3,841,924 | 3,841,924 |
| | | 3,429,412 | | 5,715,686 |
| Redeemable shares of €1 each deemed liabilities (see note 12) | | - | | (3,841,924) |
| | | **3,429,412** | | **1,873,762** |

On 4 October 2013, the redeemable shares were converted to ordinary share capital, ranking pari passu with existing ordinary share capital (see note 12).

On 1 November 2013, the company reduced the capital on each of the ordinary shares of €1 each to €0.60, creating a distributable reserve of €2,286,274 (see note 15).

### 14. PROFIT AND LOSS ACCOUNT

| | 31 December 2013 |
|---|---|
| | EUR |
| At 31 December 2012 | (3,512,328) |
| Loss for the financial year | (542,036) |
| **At 31 December 2013** | **(4,054,364)** |

### 15. OTHER RESERVES

| | 31 December 2013 |
|---|---|
| | EUR |
| At 31 December 2012 | - |
| Share capital reduction (see note 13) | 2,286,274 |
| Dividends paid | (1,700,000) |
| **At 31 December 2013** | **586,274** |

On 1 November 2013, the company reduced the capital on each of the ordinary shares of €1 each to €0.60, creating a distirbutable reserve of €2,286,274. On the same day, the board declared an interim dividend of €1,700,000 to its immediate parent undertaking.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013

### 16. RECONCILIATION OF SHAREHOLDER'S DEFICIT

| | 31 December 2013 EUR | 31 December 2012 EUR |
|---|---|---|
| Loss for the financial year | (542,036) | (367,748) |
| Redeemable shares conversion (see note 12 and 13) | 3,841,924 | - |
| Dividends paid | (1,700,000) | - |
| Net decrease / (increase) in shareholder's deficit | 1,599,888 | (367,748) |
| Opening shareholder's deficit | (1,638,566) | (1,270,818) |
| Closing shareholder's deficit | **(38,678)** | **(1,638,566)** |

### 17. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company has no financial commitments and contingencies outstanding at the year end (31 December 2012: nil).

### 18. 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.

### 19. ULTIMATE AND IMMEDIATE PARENT UNDERTAKINGS

During the year, the company's immediate parent undertaking changed to ELQ Investors, LTD, a company incorporated in Great Britain and registered 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 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 additionnal 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/.