

Company Registration Number: 2910783

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

Directors' Report and Accounts
for the year ended
30 June 1999



THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited accounts for the year ended 30 June 1999.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed;
- d) prepare 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 proper 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 1985. 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.

Review of the Business

The principal activity of the Company is property investment. The directors intend to continue these activities for the foreseeable future.

The results for the year are detailed on page 4. The Company achieved a profit on ordinary activities before taxation of £4,625,598 (1998 loss - £851,631)

The directors do not recommend the payment of a dividend for the year. The retained gain for the year is £3,260,882 (1998: loss - £608,355) which has been transferred to reserves, giving an accumulated profit carried forward of £2,545,674 (1998: loss - £715,208).

Directors and their interests

The directors holding office during the year were as follows:

J L Beckwith
CIM Graham

The company secretary is S A Barker.

Neither of the directors have any interests in the share capital of the Company other than by virtue of their interests in its holding company, Pacific Investments PLC, which are disclosed in the accounts of that company.

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

DIRECTORS' REPORT (continued)

Year 2000

The directors have reviewed the risks associated with the year 2000 problem, both with regard to internal use of computer systems and embedded chips, and in connection with third parties. The directors have implemented a programme to identify the risks to its business and systems arising from the Year 2000 problem and have implemented action where appropriate. The directors are satisfied that all steps will be completed in sufficient time to eliminate any potential problems, and that the remaining costs of ensuring Year 2000 compliance are not expected to be significant.

Auditors

Moore Stephens have indicated their willingness to continue in office and a resolution to re-appoint them as auditors and to authorise the directors to fix their remuneration will be proposed at the next Annual General Meeting.

By Order of the Board



SA Barker

124 Sloane Street
London
SW1X 9BW

8 December 1999

AUDITOR'S REPORT TO THE SHAREHOLDERS
OF
THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 30 June 1999 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Moore Stephens
Chartered Accountants
and Registered Auditor
St. Paul's House
Warwick Lane
London
EC4P 4BN



9 December 1999

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

Profit and Loss Account for the year ended 30 June 1999

	Note	1999 £	1998 £
Administrative expenses		(133,417)	(780,593)
Other income	2	101,119	-
Operating loss	2	<u>(32,298)</u>	<u>(780,593)</u>
Investment income		20,319	8,583
Profit on sale of investment		4,342,603	-
Loss on disposal of unlisted investment		-	(261)
Interest receivable		370,796	66,081
Interest payable	4	(75,822)	(145,441)
Profit/(loss) on ordinary activities before taxation		<u>4,625,598</u>	<u>(851,631)</u>
Taxation	5	(1,364,716)	243,276
Profit/(loss) on ordinary activities after taxation		<u><u>3,260,882</u></u>	<u><u>(608,355)</u></u>

An analysis of reserves is given in note 11.

There is no difference between the profit on ordinary activities before taxation stated above and the historical cost equivalents.

There are no recognised gains or losses other than the profit for the year shown above.

The notes on pages 6 to 10 form an integral part of these accounts.

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

Balance Sheet

as at 30 June 1999

	Note	1999 £	1998 £
FIXED ASSETS			
Investments	6	<u>6,617,262</u>	<u>12,148,125</u>
CURRENT ASSETS			
Debtors	7	692,979	293,296
Cash at bank and in hand		<u>51,028</u>	<u>1,252,791</u>
		<u>744,007</u>	<u>1,546,087</u>
CREDITORS (Amounts falling due within one year)	8	<u>(2,183,373)</u>	<u>(2,252,396)</u>
NET CURRENT LIABILITIES		<u>(1,439,366)</u>	<u>(706,309)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,177,896	11,441,816
CREDITORS (Amounts falling due after more than one year)	9	<u>(132,221)</u>	<u>(9,657,023)</u>
NET ASSETS		<u><u>5,045,675</u></u>	<u><u>1,784,793</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	2,500,001	2,500,001
Profit and loss account	11	2,545,674	(715,208)
SHAREHOLDERS' FUNDS	12	<u><u>5,045,675</u></u>	<u><u>1,784,793</u></u>

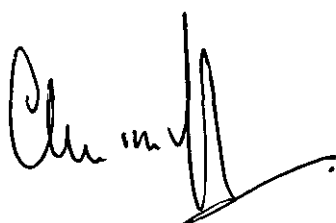
Representing

Equity shareholders interests	2,545,675	(715,207)
Non Equity shareholders interests	2,500,000	2,500,000
	<u><u>5,045,675</u></u>	<u><u>1,784,793</u></u>

The accounts were approved by the
Board of Directors on
and signed on its behalf by

8 December 1999

CIM Graham



The notes on pages 6 to 10 form an integral part of these accounts.

Notes to the Accounts

for the year ended 30 June 1999

1. Accounting Policies

Basis of accounting - The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Foreign currencies - Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the financial year end exchange rates.

Cash Flow Statement - The Company is exempt from the requirement to publish a cash flow statement as it is a wholly owned subsidiary undertaking of a UK company publishing a group cash flow statement.

Investments - Investments are stated at cost less provision for any permanent diminution in value.

Group Accounts - The Company is exempt from the requirement to prepare group accounts as it is a parent company included in the accounts of a larger group (see Note 13).

Pensions - The Company makes discretionary payments to the personal pension plans of employees. These are charged to the profit and loss account as paid.

2. Operating loss

Operating loss is stated after charging/(crediting):

	1999 £	1998 £
Auditors' remuneration - audit fees	5,559	4,598
- other non-audit fees	1,378	1,000
Exchange (gain)/loss	(92,252)	321,251
Consultancy income	101,119	-

3. Staff Costs

	1999 £	1998 £
Wages and salaries	218,302	109,748
Social security costs	16,065	14,698
	<u>234,367</u>	<u>124,446</u>

The average monthly number of employees during the year was 3 (1998: 2) in an administrative capacity.

	1999 £	1998 £
Directors' Remuneration		
Emoluments	181,250	100,000
	<u>181,250</u>	<u>100,000</u>

4. Interest payable

	1999 £	1998 £
Other loans	<u>75,822</u>	<u>145,441</u>

5. Taxation

	1999 £	1998 £
Charge for the year	1,360,909	-
Credit for group relief of losses transferred	-	(222,408)
Underprovision for group relief in previous year	3,807	(20,868)
	<u>1,364,716</u>	<u>(243,276)</u>

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

Notes to the Accounts

for the year ended 30 June 1999 (continued)

6. Investments

	1999 £	1998 £
Subsidiary undertakings	5,562,627	11,912,827
Associated undertakings	194,791	171,851
Other fixed asset investments	859,844	63,447
Cost and net book value at 30 June 1999	<u>6,617,262</u>	<u>12,148,125</u>

6.1 Investment in Subsidiaries

	Shares £	Loans £	Total £
Cost at 1 July 1998	4,988,105	6,924,722	11,912,827
Transfer to other investments	(781,766)	-	(781,766)
Additions		234,277	234,277
Disposals	(4,181,660)	(1,621,051)	(5,802,711)
Cost at 30 June 1999	<u>24,679</u>	<u>5,537,948</u>	<u>5,562,627</u>

Details of subsidiary undertakings as at 30 June 1999 are given below.

At 1 July 1998, the Company owned 63.49% of the ordinary share capital of Portfolio Holdings Limited, a company registered in England and Wales. The principal activities of the company comprise the holding of shares in property investment trading companies together with property investment and property trading in the UK.

On 29 January 1999, the holding was diluted to 10%.

At 30 June 1999 the Company owns 67% of Trinity Lake Corporation, a company registered in North Carolina, USA. This company is developing a residential site in Greensboro, North Carolina. The company will provide the infrastructure to the site before selling tranches of individual building plots to the contractors who will build the houses. At the year end a loan of £1,211,917 was outstanding to the Company. This loan is unsecured, interest free and repayable on demand.

The Company owns 100% of the issued share capital of GPIC Holding B.V. (formerly Falltrust B.V.), a company registered in the Netherlands, whose principal activity is to hold property investments. GPIC Holdings B.V. has the following subsidiaries:

Subsidiary	Principal Activity	Equity Share
GPIC Spain B.V.	Holding company	100%
GPIC France B.V. (formerly Tense Holdings B.V.)	Holding company	100%
Tranquilliser Beheer B.V.	Holding company	100%
Kotey Investments B.V.	Holding company	100%
Organize Investment B.V.	Holding company	100%
Crossmoan B.V.	Holding company	100%
Wagon SARL	Investment property	99.80%
Pacific Management SARL	Property Management	100%

All, apart from Wagon SARL and Pacific Management SARL which are registered in France, are registered in the Netherlands.

Notes to the Accounts

for the year ended 30 June 1999 (continued)

6.2 Investment in Associates

Investment in associated undertakings is analysed as follows:

	Shares £	Loans £	Total £
Cost at 1 July 1998	4,503	167,348	171,851
Additions	-	22,940	22,940
Cost at 30 June 1999	4,503	190,288	194,791

The Company has the following associated undertakings:

Associate	Principal Activity	Equity Share	Place of Incorporation
Elswick Corporation N.V.	Investment in property fund	50%	Netherland Antilles
Pacific Investments (Asia) Limited	Investment in property fund	50%	Bermuda

The net assets of Elswick Corporation N.V. at 30 June 1999 amounted to £400,644(1998 £401,962). Elswick's loss for period to 30 June 1999 was £1,397(1998 - loss -£1,808,586).

Net liabilities of Pacific Investments (Asia) Limited at 30 June 1999 amounted to £109,006(1998 - £102,447). The company's loss for the period to 30 June 1999 was £6,559(1998 - £104,479).

The Company's subsidiaries have the following associated undertakings:

Associate	Principal Activity	Effective Equity Share	Place of Incorporation
<i>Associated undertakings of GPIC Holdings B.V.</i>			
Maremagnum B.V.	Property investment	20%	Netherlands
Odisea 2000 S.A.	Property development	20%	Spain
Bedford SARL	Holding company	25%	France
Baltic Exchange B.V.	Holding company	50%	Netherlands
Kirand BV	Holding company	33%	Netherlands
SAS Ambroise Croizat	Property investment	40%	France
<i>Subsidiary undertakings of Bedford SARL</i>			
SCI Cormontreuil	Property Investment	25%	France
SCI La Neuville	Property Investment	25%	France
SCI Chestnut	Property Investment	25%	France
<i>Subsidiary undertakings of Baltic Exchange B.V.</i>			
Villa Stockholm B.V.	Holding Company	27.5%	Netherlands
Perpetum A.S.	Property Investment	20.5%	Czech Republic
<i>Subsidiary undertakings of Kirand BV</i>			
Stade 3 SARL	Property Investment	33.3%	France
SCI Stade 3	Property Investment	33.3%	France

6.3 Other Fixed Assets Investments

Other fixed asset investments of the Company are analysed as follows:

	Shares £	Loans £	Total £
Cost at 1 July 1998	25	63,422	63,447
Additions	-	14,632	14,632
Transfer from subsidiaries	-	781,765	781,765
Cost at 30 June 1999	25	859,819	859,844

The Company is a Limited Partner of Property Mezzanine Partners LP (PMP) investing 0.98% of the capital for property related transactions. At the year end a loan of £125,221 was outstanding from PMP. This loan is interest free and repayable from cashflow surplus to the Partnership's estimated operating requirements.

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

Notes to the Accounts

for the year ended 30 June 1999 (continued)

7. Debtors

	1999 £	1998 £
Amount due from subsidiary undertakings	251,965	17,030
Amount due from associated undertakings	49,391	-
Amount due from fellow subsidiary undertakings	258,296	263,680
Income tax recoverable	4,609	1,925
Prepayments and accrued income	43,402	10,660
Other debtors	85,316	1
	<u>692,979</u>	<u>293,296</u>

8. Creditors (amounts falling due within one year)

	1999 £	1998 £
Amount due to holding company	1,172,861	338,892
Amounts due to fellow subsidiary undertakings	27,715	27,500
Corporation Tax payable	902,833	-
Accruals and deferred income	79,964	113,250
Amounts owed to director	-	1,772,754
	<u>2,183,373</u>	<u>2,252,396</u>

9. Creditors (amounts falling due after more than one year)

	1999 £	1998 £
Amounts due to holding company	132,221	9,530,005
Amounts owed to director	-	127,018
	<u>132,221</u>	<u>9,657,023</u>

10. Called up Share Capital

The authorised, issued and fully paid share capital of the Company as at 30 June 1999 and 30 June 1998 is analysed as follows:

	Authorised		Issued	
	1999	1998	1999 £	1998 £
Ordinary shares of £1 each	100	100	1	1
Preference shares of £1 each	4,999,900	4,999,900	2,500,000	2,500,000
	<u>5,000,000</u>	<u>5,000,000</u>	<u>2,500,001</u>	<u>2,500,001</u>

The preference shares are redeemable at par at the option of the Company between six and eleven years from the date of issue. The first possible redemption date of the 2,500,000 such shares issued during the period is 20 June 2003. Dividends are cumulative and payable at a rate of 7% per annum on 1 September and 1 March. In the event of a winding up of the Company, the preference shares will be repaid in priority of the ordinary shares. The preference shares do not carry the right to receive notice of or vote at any General meeting of the Company.

Notes to the Accounts

for the year ended 30 June 1999 (continued)

11. Profit and loss account

The Company's profit and loss account is analysed as follows:

	£
Balance as at 1 July 1998	(715,208)
Retained profit for the year	3,260,882
Balance as at 30 June 1999	<u>2,545,674</u>

12. Reconciliation of Movement in Shareholder's Funds

	£
Profit for the financial year	3,260,882
Shareholders' funds as at 1 July 1998	1,784,793
Shareholders' funds as at 30 June 1999	<u>5,045,675</u>

13. Holding Company

As at 30 June 1998 the Company's holding company was Pacific Investments PLC, a company registered in England and Wales, which is the smallest and largest group of which the Company is a member and for which group accounts are prepared. The consolidated accounts of that company can be obtained from the secretary at 124 Sloane Street, SW1X 9BW.

In the opinion of the directors the ultimate controlling party is JL Beckwith, a director and majority shareholder of the parent company.

14. Related Party Disclosure

The company has taken advantage of the exemption under FRS 8 not to disclose any transactions with other group companies on the basis that 100% of the voting rights are controlled within the group and consolidated financial statements are publicly available.