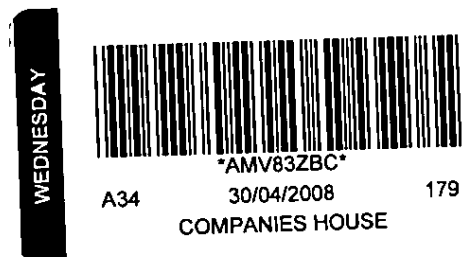


Company Registration Number: 2910783

**THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED**

**Financial Statements  
for the year ended 30 June 2007**



## **THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED**

### **Directors report for the year ended 30 June 2007**

The directors present their report and the audited financial statements for the year ended 30 June 2007

#### **Principal activity, review of the business and future developments**

The principal activity of the company is that of an investment holding company. The directors intend to continue this activity for the foreseeable future.

In the opinion of the directors the financial position of the company at the balance sheet date was satisfactory.

#### **Principal risks and uncertainties**

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of the Pacific Investments II group, which include those of the company, are discussed within the "Principal risks and uncertainties" paragraph in the directors' report in the consolidated financial statements of Pacific Investments II Limited, which do not form part of this report.

#### **Key performance indicators ("KPIs")**

Given the straight forward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

#### **Dividends**

A dividend of £3,300,000 was paid to Pacific Investments PLC during the year (2006 Nil)

#### **Liquidity and interest rate risk**

The company has access to the Pacific Investments Group loan facility. This is sufficient for current and planned future operations. Interest rate exposure is not considered a risk given the nature of its interest bearing assets and liabilities. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

#### **Directors and their interests**

The directors of the company at 30 June 2007, all of whom have been directors for the whole of the year ended on that date, are listed below.

JL Beckwith  
PD Cable  
CIM Graham  
SD Roberts (appointed 13th February 2007)

The company secretary is S A Holder.

The directors do not hold any direct interests in the share capital of the Company.

The interests of JL Beckwith in Pacific Investments II Limited and its other subsidiaries are disclosed in the financial statements of that company.

# THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

## Directors' Report for the year ended 30 June 2007 (continued)

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

### Accounting Practice.

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

### Statement of disclosure of information to auditors

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

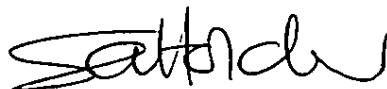
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Auditors

Through elective resolutions the company has dispensed with the holding of annual general meetings, the laying of financial statements before annual general meetings and the appointment of auditors annually.

By Order of the Board



SA Holder  
Company Secretary  
124 Sloane Street  
London  
SW1X 9BW

25 April 2008

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED**

We have audited the financial statements of The General Property Investment Company Limited for the year ended 30 June 2007 which comprise the profit and loss account, the balance sheet, the accounting principles and the notes to the accounts. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED  
(continued)**

**Opinion**

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its profit for the year then ended,
- have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 30 June 2007

*Grant Thornton UK LLP*

Grant Thornton UK LLP  
Registered Auditors  
Chartered Accountants  
London

*25 April 2008*

# THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

## Profit and Loss Account for the year ended 30 June 2007

	Note	2007 £	2006 £
Administrative expenses		(358,414)	(59,169)
<b>Operating loss</b>	2	<u>(358,414)</u>	<u>(59,169)</u>
Amounts written (off) / back on fixed asset investments	8 1	(571,464)	148,530
Income from fixed asset investments		2,745,026	-
<b>Profit before interest and taxation</b>		<u>1,815,148</u>	<u>89,361</u>
Interest receivable and similar income	4	236,854	625,392
Interest payable and similar charges	5	(16,103)	(346,687)
<b>Profit on ordinary activities before taxation</b>		<u>2,035,899</u>	<u>368,066</u>
Taxation	6	(73,748)	(67,036)
<b>Profit on ordinary activities after taxation</b>		<u><u>1,962,151</u></u>	<u><u>301,030</u></u>

The operating loss derives wholly from continuing operations

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

The notes on pages 7 to 14 form an integral part of these financial statements

**THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED**

**Balance Sheet at 30 June 2007**

	Note	2007 £	Restated 2006 £
<b>FIXED ASSETS</b>			
Investments	8	<u>664,824</u>	<u>4,847,843</u>
<b>CURRENT ASSETS</b>			
Debtors (amounts falling due after one year)	9	-	9,726,731
Debtors (amounts falling due within one year)	10	159,209	105,354
Cash at bank and in hand		4,454,785	-
		<u>4,613,994</u>	<u>9,832,085</u>
<b>CREDITORS (amounts falling due within one year)</b>	11	(4,905,433)	(9,835,804)
<b>NET CURRENT LIABILITIES</b>		<u>(291,439)</u>	<u>(3,719)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>373,385</u>	<u>4,844,124</u>
<b>CREDITORS (amounts falling due after one year)</b>	12	(158,713)	(3,291,603)
<b>NET ASSETS</b>		<u>214,672</u>	<u>1,552,521</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	1	1
Profit and loss account		214,671	1,552,520
<b>SHAREHOLDER'S FUNDS</b>	15	<u>214,672</u>	<u>1,552,521</u>

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

25 April 2008



PD Cable  
Director

The notes on pages 7 to 14 form an integral part of these financial statements

## THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

### Notes to the Financial Statements for the year ended 30 June 2007

#### 1 Accounting Policies

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards

The company is a subsidiary of the Pacific Investments II Limited group of companies and is included in the consolidated financial statements of Pacific Investments II Limited, which are publicly available. The company is therefore exempt from preparing its own consolidated financial statements. Over 90% of the voting rights are controlled within the group and consequently the company is exempt under the terms of FRS1 from preparing a cash flow statement. The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Pacific Investments II Limited group of companies or investees of that group.

The principal accounting policies of the company are set out below and have remained unchanged from the prior year except for the adoption of FRS 25 (IAS 32) Financial Instruments in full. The financial effect of this adoption has resulted in a prior year adjustment as set out in note 18.

**Going concern** - These financial statements have been prepared on the going concern basis which assumes the continued support of the parent company. The directors have received a letter from Pacific Investments PLC, confirming its support for a period of at least 12 months from the date of approval of these financial statements.

**Tangible fixed assets** - Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition.

**Deferred taxation** - Deferred tax is recognised in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise, based on current tax rates and law.

Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**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 year end exchange rates. All differences are taken to the profit and loss account.

**Investments** - Investments are stated at cost less any provisions for permanent diminution in value. Realised gains and losses are dealt with through the profit and loss account. A review for impairment is carried out if events or changes in circumstances indicate that the carrying amount may not be recoverable, in which case an impairment provision is recognised and charged to the profit and loss account.

**Financial Instruments** - Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

**Dividends** - Dividend distributions payable to equity shareholders are included in current liabilities when the dividends are approved in the general meeting prior to the balance sheet date.



# THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

## Notes to the Financial Statements for the year ended 30 June 2007 (continued)

### 2 Operating loss

Operating loss is stated after charging/(crediting)	2007 £	2006 £
Audit Fees	4,950	2,200
Foreign exchange loss / (gain)	<u>311,771</u>	<u>(85,167)</u>

### 3 Staff costs

	2007 £	2006 £
Wages and salaries	37,779	95,658
Social security costs	5,008	13,922
	<u>42,787</u>	<u>109,580</u>

The average monthly number of employees during the year was 1 (2006 1) in an administrative capacity

	2007 £	Restated 2006 £
Directors' remuneration, included within staff costs above		
Emoluments (total and highest paid director)	<u>37,779</u>	<u>95,658</u>

### 4 Interest receivable and similar income

	2007 £	2006 £
Bank interest receivable	110,453	85,134
Interest receivable from subsidiary undertakings	126,401	540,258
	<u>236,854</u>	<u>625,392</u>

### 5 Interest payable and similar charges

	2007 £	2006 £
Interest payable on bank loans	16,103	185,701
Interest payable on loans from immediate parent company	-	123,224
Interest payable on other loans	-	37,762
	<u>16,103</u>	<u>346,687</u>

# THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

## Notes to the Financial Statements for the year ended 30 June 2007 (continued)

### 6 Taxation

	2007 £	2006 £
UK Corporation tax credit/(charge) at 30%	71,726	(66,166)
Adjustment to prior year tax charge	2,022	117
Overseas tax payable	-	(987)
	<u>73,748</u>	<u>(67,036)</u>

### 6.1 Reconciliation of tax charge

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>2,035,899</u>	<u>368,066</u>
Tax on profit on ordinary activities before taxation at 30%	610,770	110,420
Expenses disallowed for tax purposes	211	305
Double tax relief	(710,694)	-
Movement on provisions	171,439	(44,559)
Adjustment to prior year tax charge	2,022	(117)
Overseas tax payable	-	987
	<u>73,748</u>	<u>67,036</u>

No provision has been made for deferred tax during the year as no material timing differences have arisen

### 7 Dividends

An interim dividend of £3,300,000 (2006 £Nil) was paid to Pacific Investments PLC during the year

### 8 Investments

	2007 £	2006 £
Subsidiary undertakings	1,155	4,061,614
Associated undertakings	663,669	703,290
Other fixed asset investments	-	82,939
Cost and net book value at 30 June 2007	<u>664,824</u>	<u>4,847,843</u>

# THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

## Notes to the Financial Statements for the year ended 30 June 2007 (Continued)

### 8.1 Investment in subsidiary undertakings

	Shares £	Loans £	Total £
<b>Cost</b>			
At 30 June 2006	36,828	4,251,905	4,288,733
Additions	753	134,146	134,899
Disposals	(36,426)	(3,605,399)	(3,641,825)
At 30 June 2007	<u>1,155</u>	<u>780,652</u>	<u>781,807</u>
<b>Provision for diminution in value</b>			
At 30 June 2006	-	(227,119)	(227,119)
Written back in the year	-	31,142	31,142
Provided in the year	-	(602,606)	(602,606)
Foreign Exchange Gains	-	17,931	17,931
At 30 June 2007	<u>-</u>	<u>(780,652)</u>	<u>(780,652)</u>
Net Book Value at 30 June 2006	<u>36,828</u>	<u>4,024,786</u>	<u>4,061,614</u>
Net Book Value at 30 June 2007	<u>1,155</u>	<u>-</u>	<u>1,155</u>

Details of subsidiary undertakings at 30 June 2007 are given below

The Company owns 67% of Trnity Lake Corporation Inc, a company registered in North Carolina, USA. This company is developing a residential site in Greensboro, North Carolina. The company provides the infrastructure to the site before selling tranches of individual building plots to building contractors. At the year end a loan of £178,046 (2006 £354,027) was outstanding to the Company, against which £178,046 has been provided as at 30 June 2007 (2006 £227,119). The loan is unsecured and repayable on demand.

The Company holds 100% of Bostar Investments Limited and Pentan Investments Limited with each of them holding 5% of the Group's 10% shareholding in Union Desarrollos, S L, a company holding real estate for development in Spain. Both companies are registered in England and Wales.

In June 2007 Bel Air S a r l was liquidated and deregistered as a corporate company in France. The Company had owned 99% shareholding in Bel Air S a r l, a holding company and 1% of Bel Air SCI, a French company holding an investment in French real estate in the form of light industrial and office buildings. Bel Air Sarl holds 99% of Bel Air SCI.

# THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

## Notes to the Financial Statements for the year ended 30 June 2007 (Continued)

### 8.2 Investment in associated undertakings

Investment in associated undertakings is analysed as follows

	Shares £	Loans £	Total £
Cost at 30 June 2006	997	702,293	703,290
Foreign exchange losses	-	(39,621)	(39,621)
Cost at 30 June 2007	<u>997</u>	<u>662,672</u>	<u>663,669</u>

The Company has the following associated undertakings

Associate	Principal Activity	Effective Equity Share	Place of Incorporation
Pacific Investments (Asia) Limited	Property investment	50%	Bermuda

### 9 Debtors (amounts falling due after one year)

	2007 £	2006 £
Amounts due from subsidiary undertakings	<u>-</u>	<u>9,726,731</u>

### 10 Debtors (amounts falling due within one year)

	2007 £	2006 £
Amounts due from associates	115,320	80,078
Other debtors	43,889	25,276
	<u>159,209</u>	<u>105,354</u>

### 11 Creditors (amounts falling due within one year)

	2007 £	Restated 2006 £
Bank loans and overdrafts	-	6,517,665
Trade creditors	8,050	7,796
Corporation tax	71,726	66,166
Amounts due to subsidiary undertakings	2,317,340	709,544
Accruals and deferred income	8,317	34,633
Preference shares classed as financial liabilities	2,500,000	2,500,000
	<u>4,905,433</u>	<u>9,835,804</u>

# THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

## Notes to the Financial Statements for the year ended 30 June 2007 (Continued)

### 12 Creditors (amounts falling due after one year)

	2007 £	2006 £
Amounts due to immediate parent company	158,713	2,038,740
Amounts due to associates	-	1,252,863
	<u>158,713</u>	<u>3,291,603</u>

Amounts due to the immediate parent company are considered to be part of the company's long term funding from Pacific Investments PLC and are unsecured and have no formal repayment terms in place. These loans bear interest at LIBOR plus 1.25%.

### 13 Called up share capital

The authorised, allotted, issued and fully paid share capital of the company as at 30 June 2007 and 30 June 2006 is analysed as follows:

	Authorised No	£	Allotted, issued and fully paid No	£
<u>Shares classed as equity</u>				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>1</u>	<u>1</u>
<u>Shares classed as financial liabilities</u>				
Preference shares of £1 each	<u>4,999,900</u>	<u>4,999,900</u>	<u>2,500,000</u>	<u>2,500,000</u>

On 1 April 2007, a statement of particulars of variation of rights attached to preference shares was submitted to the registrar of companies. The preference shares no longer carry the right to a fixed dividend coupon of 7% on the amount paid up on each preference share.

The preference shares are redeemable at par by the Company between six and eleven years from the date of issue. The first possible redemption date of the 2,500,000 preference shares was 20 June 2003. 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. The preference shareholders have waived their right to the dividend in respect of this and prior years.

# THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

## Notes to the Financial Statements for the year ended 30 June 2007 (Continued)

### 14 Profit and loss account

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

	2007 £
At 30 June 2006	1,552,520
Dividends paid	(3,300,000)
Profit for the year	1,962,151
At 30 June 2007	<u>214,671</u>

### 15 Reconciliation of movement in shareholder's funds

	2007 £	Restated 2006 £
Shareholder's funds at 30 June 2006	1,552,521	1,251,491
Dividends paid	(3,300,000)	-
Retained profit for the year	1,962,151	301,030
Shareholder's funds at 30 June 2007	<u>214,672</u>	<u>1,552,521</u>

### 16 Capital commitments, contingencies and guarantees

The company provides a corporate cross-guarantee to the Bank of Scotland on bank loans and overdrafts incurred by Pacific Investments PLC, River & Mercantile PLC, Pacific Leisure, Entertainment & Media Limited, River & Mercantile Holdings Limited, Pacific Healthcare Limited, Odyssey Venture Partners Limited and Education First & Foremost Limited. As security the bank holds a debenture comprising fixed and floating charges over the assets of the company. As at 30 June 2007, total borrowings against which this cross-guarantee applied were £5.8 million (2006: £17.7 million).

### 17 Parent company, ultimate parent company and ultimate controlling party

The Company's immediate parent company is Pacific Investments PLC, a company registered in England and Wales.

The Company's ultimate parent company is Pacific Investments II Limited, a company registered in England & Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Pacific Investments II Limited's consolidated financial statements can be obtained from Companies House.

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

## **THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED**

### **Notes to the Financial Statements for the year ended 30 June 2007 (Continued)**

#### **18 Prior year adjustment**

In the prior year, shares were always shown in shareholders funds irrespective of the substance of the investment. After the adoption of FRS 25, shares which are in substance a liability are disclosed within creditors. This has resulted in 2,500,000 Preference shares of £1 each being reclassified as a financial liability resulting in increased liabilities of £2,500,000 and a corresponding decrease in net assets and shareholder's funds in both the current and prior year.