

Company Registration Number: 2910783

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

Directors' Report and Accounts
for the year ended
30 June 2000



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 2000.

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 £1,080,034 (1999: £4,625,598)

The directors do not recommend the payment of a dividend for the year. The retained gain for the year is £1,033,170 (1999: £3,260,882) which has been transferred to reserves, giving an accumulated profit carried forward of £3,578,844 (1999: £2,545,674).

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 Holder.

On the 21 July 2000, Mr P D Cable was appointed as a director of the company.

None 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)

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 Holder

21 December 2000

124 Sloane Street
London
SW1X 9BW

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 2000 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

A handwritten signature in black ink, appearing to read 'Moore Stephens', written in a cursive style.A handwritten date in black ink, '21 December 2000', written in a cursive style.

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

Profit and Loss Account for the year ended 30 June 2000

	Note	2000 £	1999 £
Administrative expenses		(271,341)	(133,417)
Other income		-	101,119
Operating loss	2	<u>(271,341)</u>	<u>(32,298)</u>
Investment income		23,730	20,319
Profit on sale of investment		1,011,395	4,342,603
Profit before interest and taxation		<u>763,784</u>	<u>4,330,624</u>
Interest receivable		471,979	370,796
Interest payable	4	(155,729)	(75,822)
Profit on ordinary activities before taxation		<u>1,080,034</u>	<u>4,625,598</u>
Taxation	5	(46,864)	(1,364,716)
Profit on ordinary activities after taxation	11	<u><u>1,033,170</u></u>	<u><u>3,260,882</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 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Investments	6	<u>7,802,679</u>	<u>6,617,262</u>
CURRENT ASSETS			
Debtors (amounts falling due within one year)	7	857,026	692,979
Cash at bank and in hand		<u>1,374,163</u>	<u>51,028</u>
		2,231,189	744,007
CREDITORS (amounts falling due within one year)	8	<u>(1,755,756)</u>	<u>(2,183,373)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>475,433</u>	<u>(1,439,366)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,278,112	5,177,896
CREDITORS (amounts falling due after one year)	9	<u>(2,199,267)</u>	<u>(132,221)</u>
NET ASSETS		<u><u>6,078,845</u></u>	<u><u>5,045,675</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	2,500,001	2,500,001
Profit and loss account	11	3,578,844	2,545,674
SHAREHOLDERS' FUNDS	12	<u><u>6,078,845</u></u>	<u><u>5,045,675</u></u>
Representing			
Equity shareholders interests		3,578,845	2,545,675
Non Equity shareholders interests		2,500,000	2,500,000
		<u><u>6,078,845</u></u>	<u><u>5,045,675</u></u>

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

21 December 2000



PD Cable

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

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

Notes to the Accounts

for the year ended 30 June 2000

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):	2000	1999
	£	£
Auditors' remuneration - audit fees	4,200	5,559
- other non-audit fees	1,021	1,378
Exchange gain	(33,416)	(92,252)
Consultancy income	-	101,119

3. Staff Costs

	2000	1999
	£	£
Wages and salaries	124,526	218,302
Social security costs	11,586	16,065
	<u>136,112</u>	<u>234,367</u>

The average monthly number of employees during the year was 3 (1999: 3) in an administrative capacity.

Directors' Remuneration	2000	1999
	£	£
Emoluments	<u>48,248</u>	<u>181,250</u>

4. Interest payable

	2000	1999
	£	£
Other loans	<u>155,729</u>	<u>75,822</u>

5. Taxation

	2000	1999
	£	£
Charge for the year	232,285	1,360,909
(Over)/Under provision for group relief in previous year	(185,421)	3,807
	<u>46,864</u>	<u>1,364,716</u>

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

Notes to the Accounts

for the year ended 30 June 2000 (continued)

6. Investments

	2000 £	1999 £
Subsidiary undertakings	7,197,768	5,562,627
Associated undertakings	219,468	194,791
Other fixed asset investments	385,443	859,844
Cost and net book value at 30 June	<u>7,802,679</u>	<u>6,617,262</u>

6.1 Investment in Subsidiaries

	Shares £	Loans £	Total £
Cost at 1 July 1999	24,679	5,537,948	5,562,627
Additions	-	1,828,308	1,828,308
Disposals	-	(193,167)	(193,167)
Cost at 30 June 2000	<u>24,679</u>	<u>7,173,089</u>	<u>7,197,768</u>

Details of subsidiary undertakings as at 30 June 2000 are given below.

At 30 June 2000 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 building contractors. At the year end a loan of £1,520,105 was outstanding to the Company. This loan is unsecured, interest bearing and repayable on demand.

During the year the Company sold its remaining holding of the ordinary share capital of Portfolio Holdings Limited, a company registered in England and Wales. The principal activities of the company comprised the holding of shares in property investment trading companies together with property investment and property trading in the UK.

The Company owns 100% of the issued share capital of GPIC Holding 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	Place of Incorporation
GPIC Spain B.V.	Holding company	100%	Netherlands
GPIC France B.V.	Holding company	100%	Netherlands
Tranquilliser Beheer B.V.	Holding company	100%	Netherlands
Kotey Investments B.V.	Holding company	100%	Netherlands
Organize Investments B.V.	Holding company	100%	Netherlands
Crossmoan B.V.	Holding company	100%	Netherlands
Wagon SARL	Investment property	99.80%	France
Pacific Management SARL	Property Management	100%	France
Union Desarrollos S.L.	Holding company	100%	Spain
SARL Clivaden	Holding company	100%	France
SCI Clivaden	Investment property	100%	France
Muguet SARL	Holding company	100%	France
Muguet SCI	Investment property	100%	France

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

Notes to the Accounts

for the year ended 30 June 2000 (continued)

6.2 Investment in Associates

Investment in associated undertakings is analysed as follows:

	Shares £	Loans £	Total £
Cost at 1 July 1999	4,503	190,288	194,791
Additions	-	24,677	24,677
Cost at 30 June 2000	4,503	214,965	219,468

The Company has the following associated undertakings:

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

The net assets of Elswick Corporation N.V. at 30 June 2000 amounted to £425,368 (1999: £400,644). Elswick's loss for period to 30 June 2000 was £20,760 (1999 - loss -£1,397).

Net liabilities of Pacific Investments (Asia) Limited at 30 June 2000 amounted to £122,877 (1999 - £109,006). The company's loss for the period to 30 June 2000 was £13,872 (1999 - £6,559).

The Company's subsidiaries have the following associated undertakings:

Associate	Principal Activity	Effective Equity Share	Place of Incorporation
Associated undertakings of GPIC Holdings B.V.			
Maremagnum B.V.	Property investment	20%	Netherlands
Odisea 2000 S.L.	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
Subsidiary undertakings of Bedford SARL			
SCI Cormontreuil	Property Investment	25%	France
SCI La Neuvillelette	Property Investment	25%	France
SCI Chestnut	Property Investment	25%	France
SCI Aile Nord	Property Investment	25%	France
SCI Aile Six Pereire	Property Investment	25%	France
Subsidiary undertakings of Baltic Exchange B.V.			
Villa Stockholm B.V.	Holding Company	27.5%	Netherlands
Perpetum A.S.	Property Investment	27.5%	Czech Republic
Subsidiary undertakings of Kirand BV			
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 1999	25	859,819	859,844
Additions	-	332,418	332,418
Disposals	-	(806,819)	(806,819)
Cost at 30 June 2000	25	385,418	385,443

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 £53,001 (1999 - £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 2000 (continued)

7. Debtors

	2000	1999
	£	£
Amount due from subsidiary undertakings	346,156	251,965
Amount due from associated undertakings	57,142	49,391
Amount due from fellow subsidiary undertakings	266,517	258,296
Tax recoverable	40,379	4,609
Prepayments and accrued income	44,430	43,402
Other debtors	102,402	85,316
	<u>857,026</u>	<u>692,979</u>

8. Creditors (amounts falling due within one year)

	2000	1999
	£	£
Amount due to holding company	907,487	1,172,861
Amounts due to fellow subsidiary undertakings	47,118	27,715
Amounts due to fellow associate undertakings	757,463	-
Corporation Tax payable	-	902,833
Accruals and deferred income	43,688	79,964
	<u>1,755,756</u>	<u>2,183,373</u>

9. Creditors (amounts falling due after one year)

	2000	1999
	£	£
Amounts due to holding company	1,220,576	132,221
Bank Loans	978,691	-
	<u>2,199,267</u>	<u>132,221</u>

10. Called up Share Capital

The authorised, issued and fully paid share capital of the Company as at 30 June 2000 and 30 June 1999 is analysed as follows:

	Authorised		Issued	
	2000	1999	2000	1999
			£	£
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 preference shares 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.

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

Notes to the Accounts

for the year ended 30 June 2000 (continued)

11. Profit and loss account

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

	£
Balance as at 1 July 1999	2,545,674
Retained profit for the year	1,033,170
Balance as at 30 June 2000	<u>3,578,844</u>

12. Reconciliation of Movement in Shareholders' Funds

	£
Profit for the financial period	1,033,170
Shareholders' funds at 1 July 1999	5,045,675
Shareholders' funds at 30 June 2000	<u>6,078,845</u>

13. Holding Company

As at 30 June 2000 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.

15. Post balance sheet event

On 3 July 2000, Kotev Investments B.V. was transferred from GPIC France B.V. to River & Mercantile PLC (another 100% subsidiary of Pacific Investments PLC) in order to rationalise the group's fund management companies under the River & Mercantile PLC banner.