

PRAMERICA REAL ESTATE INVESTORS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2006



Registered number 3809476

CONTENTS

	Page
Officers and professional advisers	1
Report of the directors	2
Report of the auditors to the members	5
Profit and loss account	7
Reconciliation of movements in shareholder's funds	7
Balance sheet	8
Notes to the financial statements	9

PRAMERICA REAL ESTATE INVESTORS LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

Directors

D.N. Bradford
C. H. Pardoe, II
P. M. Barrett
K. M. Shah
B. S. Penaliggon

Secretary

Ancosec Limited

Registered office

Arlington House
Arlington Business Park
Theale
Reading
RG7 4SA

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Southwark Towers
32 London Bridge Street
London SE1 9SY

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31 December 2006.

1. PRINCIPAL ACTIVITIES

The company's principal activity is that of an investment holding company.

2. REVIEW OF DEVELOPMENTS

The financial statements show results for the year as set out below:-

	2006 £	2005 £
Revenue	-	-
Profit on ordinary activities before taxation	2,677,797	462,587
Tax on profit on ordinary activities	(100,955)	-
Profit on ordinary activities after taxation for the period	2,576,842	462,587
Dividend paid	-	(3,757,178)
Transferred to/(from) reserves	2,576,842	(3,294,591)

Per the exemption afforded to small companies under S.246(4)(a) of the Companies Act 1985 the company has elected not to present a full business review in the Report of the Directors.

3. DIVIDENDS

The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2006 (2005: Nil). The company paid no interim dividend in the year (2005: £3,757,178).

4. FUTURE PROSPECTS

The directors expect the company to continue to develop during 2007.

5. 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).

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, 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:

- 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 financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

6. DIRECTORS

The current directors are shown on page 1. The following changes have occurred to the board of directors since 1 January 2006

	<u>Date of appointment</u>	<u>Date of resignation</u>
B. S. Penaliggon	2 April 2007	-
J. O. Short	-	16 March 2007

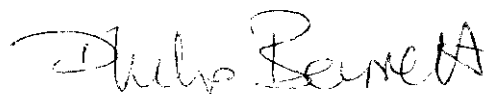
During the period, no director held any beneficial interest in the allotted share capital of the company.

7. AUDITORS

Pursuant to Section 386 of the Companies Act 1985, the company has passed an elective resolution to dispense with the obligation to appoint auditors annually.

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors.

Approved by the board of directors
and signed on behalf of the board



P. M. Barrett
Director

30 April 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRAMERICA REAL ESTATE INVESTORS LIMITED

We have audited the financial statements of Pramerica Real Estate Investors Limited for the year ended 31 December 2006, which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 the implications for our report if we become aware of any apparent misstatements within it.

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 judgments 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.

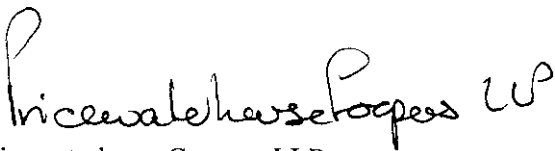
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRAMERICA REAL ESTATE INVESTORS 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 31 December 2006 and of its profit for the year then ended;
- the financial statements 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.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Southwark Towers
32 London Bridge Street
London
SE1 9SY

30 April 2007

PRAMERICA REAL ESTATE INVESTORS LIMITED**PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2006**

	Note	2006 £	2005 £
Revenue		-	-
Administrative expenses		(238,658)	(3,500)
Other operating income		-	466,087
Operating (loss)/profit	2	(238,658)	462,587
Exceptional items	5	2,857,213	-
Profit on ordinary activities before interest and taxation		2,618,555	462,587
Interest receivable		59,242	-
Profit on ordinary activities before taxation		2,677,797	462,587
Tax on profit on ordinary activities	6	(100,955)	-
Profit on ordinary activities after taxation		2,576,842	462,587
Dividends paid		-	(3,757,178)
Transferred to/(from) reserves	15	2,576,842	(3,294,591)

All results arise from continuing activities. There are no other recognised gains or losses other than the profit for the year as stated above and therefore no separate statement of total recognised gains and losses has been presented.

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

**RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER FUNDS
For the year ended 31 December 2006**

	2006 £	2005 £
Profit for the year	2,576,842	462,587
Capital contributions repaid in the year	(6,434,116)	(1,577,302)
Dividends paid	-	(3,757,178)
Net change in shareholders funds	(3,857,274)	(4,871,893)
Opening shareholder funds at 1 January	16,007,764	20,879,657
Closing shareholder funds at 31 December	12,150,490	16,007,764

The notes on pages 9 to 13 form part of these financial statements.

PRAMERICA REAL ESTATE INVESTORS LIMITED**BALANCE SHEET as at 31 December 2006**

	Note	2006 £	2005 £
Fixed assets			
Investments in subsidiaries	7	<u>600,000</u>	<u>15,609,250</u>
		600,000	15,609,250
Current assets			
Debtors	8	<u>11,893,604</u>	<u>402,015</u>
		11,893,604	402,015
Creditors: amounts falling due within one year	9	<u>(343,114)</u>	<u>(3,501)</u>
Net current assets		11,550,490	(1,486)
Net assets		<u>12,150,490</u>	<u>16,007,764</u>
Capital and reserves			
Called up equity share capital	10	4,652,153	4,652,153
Share premium	11	4,914,995	4,914,995
Capital Contribution reserve	12	-	6,434,116
Profit and loss account	13	2,583,342	6,500
Equity shareholder's funds		<u>12,150,490</u>	<u>16,007,764</u>

The notes on pages 9 to 13 form part of these financial statements.

These financial statements were approved by the directors on 30 April 2007.

Signed on behalf of the Board of directors



K. M. Shah
Director

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

1. ACCOUNTING POLICIES

(a) *Accounting convention*

The financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 1985 and applicable accounting standards.

(b) *Consolidation*

Consolidated financial statements are not prepared as the company is a wholly owned subsidiary of PIC Holdings Limited, a company registered in England and Wales. PIC Holdings Limited consolidates the results of this company.

(c) *Cash flow statement*

The company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard No.1 (Revised 1996) - Cash Flow Statements, as the cash flows of the company are included in the consolidated cash flow statement of the ultimate parent company, Prudential Financial, Inc.

(d) *Related party transactions*

In accordance with the exemption afforded by Financial Reporting Standard No.8 – Related Party Disclosures, certain details of transactions with parent and fellow subsidiary companies are not disclosed, as the company is a wholly owned subsidiary of a group whose consolidated financial statements are publicly available.

(e) *Investments*

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

(f) *Taxation*

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

2. OPERATING PROFIT

The auditors remuneration in respect of audit services provided to the company amounts to £3,710 and is borne by a parent company, PIC Holdings Limited. The operating profit for the year contains a reversal of the prior year charge for auditors' remuneration of £3,500.

3. EMPLOYMENT COSTS

The company had no employees during the year.

4. DIRECTORS' EMOLUMENTS

Some of the directors received no emoluments for their services in relation to being a director of the company. The remaining directors of the company were paid by a parent company. It is not possible to make an accurate apportionment of their emoluments in respect of each of the companies. Accordingly no emoluments are disclosed within this company.

5. EXCEPTIONAL ITEMS

	2006	2005
	£	£
Profit on sale of subsidiary investment	<u>2,857,213</u>	<u>-</u>

The profit on the sale of subsidiary investment relates to deferred consideration received in the year on the sale of Rockspring Property Investment Management Limited and its subsidiaries in 2004. The consideration includes £273,776 of interest.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2006 £	2005 £
Corporation Tax at 30%	<u>100,955</u>	<u>-</u>
	<u>100,955</u>	<u>-</u>

The tax assessed for the period is lower (2005: lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2006 £	2005 £
Profit for the year before tax	<u>2,677,797</u>	<u>462,587</u>
Tax at 30% (2005 – 30%)	803,339	138,776
Amounts not subject to corporation tax		
UK inter group dividends	-	(139,826)
Portion of profits on sale of trading subsidiaries	(775,031)	-
Disallowed expenses	72,647	
Group relief surrendered to other group companies	<u>-</u>	<u>1,050</u>
Current tax charge in the period	<u>100,955</u>	<u>-</u>

7. INVESTMENTS IN SUBSIDIARIES

Investment in subsidiary undertakings, represents 100% interests (unless otherwise stated) of £1 ordinary shares in the following principal companies.

	2006 £	2005 £
Subsidiaries at cost:		
Investment – Pramerica Regulated Business Limited	600,000	600,000
Investment – Pramerica Financial Limited	<u>-</u>	<u>15,009,250</u>
	<u>600,000</u>	<u>15,609,250</u>

The above companies are incorporated and registered in England and Wales.

PRAMERICA REAL ESTATE INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

8. DEBTORS

	2006 £	2005 £
Amounts owed by group undertakings	11,891,854	400,265
Other debtors	1,750	1,750
	<u>11,893,604</u>	<u>402,015</u>

Included in amounts owed by group undertakings is £400,000 (2005: £400,000) owed by Pramerica Regulated Business Limited. This amount is unsecured, interest free and is repayable on two years notice. The remaining £11,491,854 (2005: £265) of amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Amounts owed to group undertakings.	1	1
Other creditors	343,113	
Accruals	-	3,500
	<u>343,114</u>	<u>3,501</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

10. CALLED UP EQUITY SHARE CAPITAL

	2006 £	2005 £
Ordinary shares of £1 each		
Authorised	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, issued and partially paid, (25 pence on 50,000 shares)	12,500	12,500
Allotted, issued and fully paid	<u>4,639,653</u>	<u>4,639,653</u>
Total	<u>4,652,153</u>	<u>4,652,153</u>

PRAMERICA REAL ESTATE INVESTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006****11. SHARE PREMIUM ACCOUNT**

	2006 £	2005 £
At 1 January and 31 December	<u>4,914,995</u>	<u>4,914,995</u>

12. CAPITAL CONTRIBUTION ACCOUNT

	2006 £	2005 £
At 1 January	6,434,116	8,011,418
Contributions repaid in the year	<u>(6,434,116)</u>	<u>(1,577,302)</u>
At 31 December	<u>-</u>	<u>6,434,116</u>

13. PROFIT AND LOSS ACCOUNT

	2006 £	2005 £
At 1 January	6,500	3,301,091
Profit for the year after taxation	2,576,842	462,587
Dividend paid	<u>-</u>	<u>(3,757,178)</u>
At 31 December	<u>2,583,342</u>	<u>6,500</u>

14. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Prudential Financial, Inc. a company established in the United States of America. It is also the parent undertaking of the largest group which includes the company and for which group financial statements are prepared. The parent undertaking of the smallest group which includes the company and for which group financial statements are prepared is PIC Holdings Limited a company registered in England and Wales. Copies of the latter's financial statements are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. Copies of the financial statements of Prudential Financial, Inc. are available on request from the company's registered office.