

PRICOA PROPERTY PLC

REPORT AND FINANCIAL STATEMENTS

31st December 2000



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	6
Reconciliation of movements in shareholder's funds	6
Balance sheet	7
Notes to the financial statements	8

OFFICERS AND PROFESSIONAL ADVISORS

Directors	M. Barber (Chairman)
	J.M. Austen
	R.M. Plummer
	P.T. Phillips
	R.A. Gilchrist
	J.O. Short
Secretary	A.V.M. Warrack
Registered office	Cutlers Court
	115 Houndsditch
	London EC3A 7BR
Auditors	PricewaterhouseCoopers
	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 period from incorporation to 31st December 2000.

1. PRINCIPAL ACTIVITIES

The Company was incorporated on-14th July 1999. The principal activity is an investment holding Company.

2. REVIEW OF DEVELOPMENTS

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

	2000 £
Dividends	200,000
Profit on ordinary activities before taxation	187,243
Tax credit/(charge) on profit on ordinary activities	<u>-</u>
Profit on ordinary activities after taxation for the period transferred to reserves	<u>187,243</u>

Equity Shareholders' Funds at the 31st December 2000 were £9,754,391.

3. RESULTS AND DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the period ended 31st December 2000. The company's profit for the financial period is £187,243.

4. GOING CONCERN

After reviewing detailed profit projections and making such further enquiries as they consider appropriate, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the accounts.

5. SHARE CAPITAL

Details of changes in the issued share capital during the period are given in note 9 on page 10.

6. FUTURE PROSPECTS

The directors expect the company to continue to develop during 2001.

7. DIRECTORS AND THEIR INTERESTS

The current directors are listed on page 1. The following changes have occurred since 14th July 1999:

	Date of Appointment	Date of Resignations
M. Barber	14.07.1999	-
J.M. Austen	14.07.1999	-
R.M. Plummer	14.07.1999	-
P.T. Phillips	14.07.1999	-
R.A. Gilchrist	14.07.1999	-
J.O. Short	17.01.2000	-
Waterlow Nominees Limited	14.07.1999	14.07.1999
Waterlow Secretaries Limited	14.07.1999	14.07.1999
I.E. Baker	14.07.1999	12.11.1999
R.S. Mully	14.07.1999	03.11.1999

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

8. DONATIONS

During the year the company made no charitable or political donations.

9. 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 as at the end of the financial year and of the profit and 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; and
- (d) prepare the 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 enable them to ensure that the financial statements comply with the Companies Act. 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.

10. CREDITOR PAYMENT POLICY

For suppliers, the company's policy is to:-

- (a) settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- (b) ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- (c) pay in accordance with its contractual and other obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception. Wherever possible UK subsidiaries follow the same policy.

11. AUDITORS

PricewaterhouseCoopers have expressed their willingness to continue in office as auditors. A resolution to reappoint them will be proposed at the next General Meeting of the Company at which these accounts are laid before the shareholders.

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



Jon Austen
Director

30th March 2001

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements on pages 6 to 10 which have been prepared using the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Annual Report. As described on pages 3 and 4, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

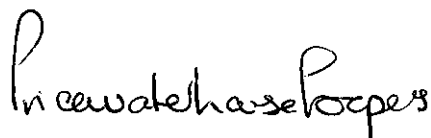
BASIS OF AUDIT OPINION

We conducted our audit in accordance with Auditing Standards 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.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 2000 and of its profit of the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

30th March 2001

Southwark Towers
32 London Bridge Street
London SE1 9SY

PROFIT AND LOSS ACCOUNT
for the period ended 31st December 2000

	Note	Period £
Revenue	1	-
Administrative expenses		<u>(12,757)</u>
Operating loss	2	(12,757)
Dividends	3	<u>200,000</u>
Profit on ordinary activities before taxation		187,243
Tax credit/(charge) on profit on ordinary activities	5	<u>-</u>
Profit on ordinary activities after taxation for the period transferred to reserves		<u>187,243</u>

All operations are continuing in The United Kingdom.

There are no recognised gains or losses other than the profit for the period.

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER FUNDS
For the period ended 31st December 2000

	Period £
Profit for the period.	187,243
New share capital issued	4,639,653
Increase in share premium	<u>4,914,995</u>
Net movement in shareholder funds	9,741,891
Opening shareholder funds at 14 July 1999	<u>12,500</u>
Closing shareholder funds at 31 December 2000	<u>9,754,391</u>

The notes on pages 8 - 10 form part of these financial statements.

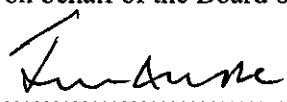
PRICOA PROPERTY PLC**BALANCE SHEET as at 31st December 2000**

	Note	2000 £
Fixed assets		
Investments in subsidiaries	6	<u>9,754,648</u> 9,754,648
Current assets		
Debtors	7	400,000
Cash at bank and in hand		<u>10,000</u> 410,000
Creditors: amounts falling due within one Year	8	<u>(410,257)</u>
Net current liability		<u>(257)</u>
Total assets less current liabilities		9,754,391
Creditors: amounts falling due after more than one year		<u>-</u>
Net Assets		<u>9,754,391</u>
Capital and reserves		
Called up equity share capital	9	4,652,153
Share premium	10	4,914,995
Profit and loss account	11	<u>187,243</u>
Equity Shareholder Funds		<u>9,754,391</u>

The notes on pages 8 - 10 form part of these financial statements.

These financial statements were approved by the directors on 30th March 2001.

Signed on behalf of the Board of Directors


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J.M. Austen
Director

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31st December 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom. The particular accounting policies are described below.

(a) *Accounting convention*

The financial statements are prepared under the historical cost convention.

(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 a consolidated cash flow statement is included in the statements of the ultimate parent company, The Prudential Insurance Company of America, whose financial statements are available on request from the company's registered office.

(d) *Revenue*

Revenue includes fees received and receivable. All operations are continuing. Where expenses are recoverable from third parties, the recoveries and expenses are not included as income or expenses.

2. OPERATING LOSS

The auditors' remuneration of £3,500 is borne by PRICOA Property Investment Management Limited.

3. DIVIDENDS

This represents amounts received from PRICOA Property Investment Management Limited.

4. EMPLOYMENT COSTS

The company had no employees during the year.

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31st December 2000

5. TAX CREDIT/(CHARGE) ON PROFIT ON ORDINARY ACTIVITIES

	2000 £
UK Corporation Tax @ 30%	-
	<u>-</u>

The company has surrendered the benefit of tax losses, to a subsidiary undertaking without receiving any payment.

6. INVESTMENTS IN SUBSIDIARIES

Investment in subsidiary undertakings, represents 100% interests (unless otherwise stated) in the following principle companies.

	2000 £
Subsidiaries at cost:	
Investment – PRICOA Property Investment Management Limited	9,554,648
Investment – PRICOA Property Private Equity Limited	200,000
	<u>9,754,648</u>

Companies are incorporated and registered in England and Wales unless otherwise stated.

7. DEBTORS

	2000 £
Amounts owed by parent and fellow subsidiary companies.	400,000
	<u>400,000</u>

Amounts owed by parent and fellow subsidiary companies are unsecured, interest free and have no fixed date of repayment.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £
Amounts owed to parent and fellow subsidiary companies	410,257
	<u>410,257</u>

Amounts owed to parent and fellow subsidiary companies are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31st December 2000

9. CALLED UP EQUITY SHARE CAPITAL

	2000 £
Ordinary shares of £1 each	
Authorised	<u>10,000,000</u>
Allotted, issued and partially paid, 25 pence on 50,000 shares	12,500
Allotted, issued and fully paid	<u>4,639,653</u>
Total	<u>4,652,153</u>

The company increased its fully paid share capital by £4,639,653 during the period to fund the purchase of investments.

10. SHARE PREMIUM ACCOUNT

	2000 £
At 14 th July 1999	-
Premium on shares issued during the period	<u>4,914,995</u>
At 31 st December 2000	<u>4,914,995</u>

11. PROFIT AND LOSS ACCOUNT

	2000 £
At 14 th July 1999	-
Profit for the period	<u>187,243</u>
At 31 st December 2000	<u>187,243</u>

12. RELATED PARTY DISCLOSURES

In accordance with the exemption given by Financial Reporting Standard No. 8 - Related Party Disclosures - certain details of transactions with other entities included in the consolidated financial statements of PIC Holdings Limited have not been disclosed.

13. ULTIMATE PARENT COMPANY

The company's ultimate parent company is The Prudential Insurance Company of America, 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 The Prudential Insurance Company of America are available on request from the company's registered office.