

PRAMERICA (GP2) LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

Registered number SC274650

TUESDAY



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PRAMERICA (GP2) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

P. M. Barrett
J. A. Smith
K. M. Shah
B. S. Penaliggon

Company Secretary

S. J. Davies

Registered office

7th Floor
123 St Vincent Street
Glasgow
G2 5EA

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Hay's Galleria
1 Hay's Lane
London
SE1 2RD

Solicitors

S. J. Berwin
10 Queen Street Place
London
EC4R 1BE

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2010**

The directors present their annual report and audited financial statements of the company for the year ended 31 December 2010.

1. PRINCIPAL ACTIVITIES

The company acts as the General Partner to four Limited Partnerships, Pramerica Real Estate Investment Clubs (Scotland) Limited Partnership, PRECO III (Scotland) Limited Partnership, Pramerica Property Partners Fund (Scotland) Limited Partnership and PRECO IV (Scotland) Limited Partnership (collectively 'the Partnerships').

The activities and operation of the Partnerships are governed by the terms of their respective limited partnership agreements. The company as General Partner is responsible for the management and operation of the Partnerships. The Partnerships, acting by the General Partner, may appoint a Manager to operate the business and affairs of the Partnership and its assets, under the supervision and authority of the General Partner. The company as General Partner has appointed Pramerica Investment Management Limited, which is authorised and regulated by the UK Financial Services Authority, to act as the Manager of all Partnerships.

Pramerica Real Estate Investment Clubs (Scotland) Limited Partnership

Pramerica Real Estate Investment Clubs (Scotland) Limited Partnership ('the PREICS Partnership') was established under a limited partnership agreement, between the company and certain limited partners, and registered in Scotland on 15 October 2005 under the Limited Partnerships Act 1907. The limited partnership agreement was subsequently amended and restated on 26 November 2005.

The principal purpose of the PREICS Partnership is to carry on in Scotland and elsewhere the business of investing in and monitoring the performance of Pramerica Real Estate Investment Clubs Limited Partnership, a UK registered limited partnership engaged in making investments, together with other qualified institutional investors, in closed-end private investment vehicles which hold equity and equity-related securities of real estate operating companies and real estate business ventures.

PRECO III (Scotland) Limited Partnership

PRECO III (Scotland) Limited Partnership ('the PRECO III Partnership') was established under a limited partnership agreement, between the company and certain limited partners, and registered in Scotland on 19 January 2006 under the Limited Partnerships Act 1907. The limited partnership agreement was subsequently amended and restated on 31 March 2006.

The principal purpose of the PRECO III Partnership is to carry on in Scotland and elsewhere the business of investing in and monitoring the performance of PRECO III (UK) Limited Partnership, a UK registered limited partnership engaged in making investments, together with other qualified institutional investors, in closed-end private investment vehicles which hold equity and equity-related securities of real estate operating companies and real estate business ventures.

Pramerica Property Partners Fund (Scotland) Limited Partnership

Pramerica Property Partners Fund (Scotland) Limited Partnership ('the PPPFS Partnership') was established under a limited partnership agreement between the company and another Limited Partner, and registered in Scotland on 19 November 2007 under the Limited Partnerships Act 1907.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)**

This report has been prepared in accordance with the special provision relating to small companies within Part 15 of Companies Act 2006.

1. PRINCIPAL ACTIVITIES (continued)

The limited partnership agreement was amended and restated on 11 November 2008 to admit a further fourteen limited partners.

The principal purpose of the PPPFS Partnership is to carry on in Scotland and elsewhere the business of seeking and exploiting general commercial opportunities and notifying the Limited Partners of the same with the principal objective of generating profit. To this end, on 23 November 2007, the PPPFS Partnership was admitted as a limited partner of Pramerica Property Partners Fund (UK) Limited Partnership, a UK registered limited partnership with the stated strategy of investing in real estate assets that require development, redevelopment, repositioning or specialised operational expertise to create or enhance their value.

PRECO IV (Scotland) Limited Partnership

PRECO IV (Scotland) Limited Partnership ('the PRECO IV Partnership') was established under a limited partnership agreement between the company and another Limited Partner, and registered in Scotland on 25 June 2008 under the Limited Partnerships Act 1907.

The principal purpose of the PRECO IV Partnership is to carry on in Scotland and elsewhere the business of seeking and exploiting general commercial opportunities and notifying the Limited Partner of the same with the principal objective of generating profit. To this end, on 25 June 2008 the PRECO IV Partnership was admitted as a Limited Partner to PRECO IV (UK) Limited Partnership, a UK registered limited partnership engaged in making investments, together with other qualified institutional investors, in closed-end private investment vehicles which hold equity and equity-related securities of real estate operating companies and real estate business ventures. PRECO IV (UK) Limited Partnership is currently dormant and undergoing a strategic revaluation.

2. DIRECTORS

The directors of the company who were in office during the year and up to the date of signing of the financial statements are shown on page 1.

The following changes have occurred to the board of directors since 1 January 2010:

<u>Date of appointment</u>	<u>Date of resignation</u>
R. M. Falzon	- 1 January 2010

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)**

3. RESULTS FOR THE YEAR

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

	2010 £	2009 £
Turnover	<u>2,647</u>	<u>2,641</u>
Profit on ordinary activities before taxation	2,617	2,595
Tax on profit on ordinary activities	<u>727</u>	<u>(727)</u>
Profit on ordinary activities after taxation for the year transferred to reserves	<u>3,344</u>	<u>1,868</u>

4. DIRECTORS RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)**

5. STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

As so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

6. ELECTIVE RESOLUTIONS

The company has passed elective resolutions to dispense with the requirements to lay accounts and reports before General Meetings and to hold Annual General Meetings.

7. DIRECTORS INDEMNITY STATEMENT

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company does not have its own Directors' and Officers' liability insurance but is covered by a scheme run by its ultimate parent, Prudential Financial Inc maintained throughout the financial year in respect of itself and its directors.

Approved by the Board of Directors
and signed by order of the board



S. J. Davies
Company Secretary

30 March 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRAMERICA (GP2) LIMITED

We have audited the financial statements of Pramerica (GP2) for the year ended 31 December 2010 which comprise the profit and loss account, the reconciliation of movements in shareholders' funds, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit and for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

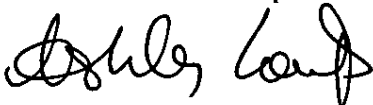
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRAMERICA (GP2) LIMITED
(continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report.



Ashley Coups (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 March 2011

PRAMERICA (GP2) LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2010

	Note	2010 £	2009 £
Turnover	2	2,647	2,641
Administration expenses		<u>-</u>	<u>-</u>
Operating profit	3	2,647	2,641
Foreign exchange loss		<u>(30)</u>	<u>(46)</u>
Profit on ordinary activities before taxation		2,617	2,595
Tax on profit on ordinary activities	5	<u>727</u>	<u>(727)</u>
Profit for the financial year	10	<u>3,344</u>	<u>1,868</u>

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 is presented.

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

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
for the year ended 31 December 2010

	2010 £	2009 £
Profit for the financial year	<u>3,344</u>	<u>1,868</u>
Net movement in shareholders' funds	3,344	1,868
Opening shareholders' funds	<u>13,846</u>	<u>11,978</u>
Closing shareholders' funds	<u>17,190</u>	<u>13,846</u>

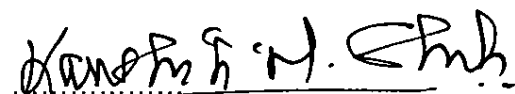
The notes on pages 10 to 15 form part of these financial statements.

PRAMERICA (GP2) LIMITED

BALANCE SHEET
as at 31 December 2010

	Note	2010 £	2009 £
Fixed assets			
Investments	6	5,584	5,584
Current assets			
Debtors	7	2,000	-
Cash at bank and in hand		<u>20,524</u>	<u>19,908</u>
		22,524	19,908
Creditors: amounts falling due within one year	8	<u>(10,918)</u>	<u>(11,646)</u>
Net current assets		<u>11,606</u>	<u>8,262</u>
Total assets less current liabilities		<u>17,190</u>	<u>13,846</u>
Net assets		<u>17,190</u>	<u>13,846</u>
Capital and reserves			
Called up share capital	9	701	701
Profit and loss account	10	<u>16,489</u>	<u>13,145</u>
Total shareholders' funds		<u>17,190</u>	<u>13,846</u>

The financial statements on pages 8 to 15 were approved by the Board of Directors on 30 March 2011 and were signed on its behalf by:



K. M. Shah
Director

Registered number SC274650

The notes on pages 10 to 15 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

1. ACCOUNTING POLICIES

These financial statements are prepared on a going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and conform with applicable United Kingdom accounting standards. The Directors consider that the accounting policies set out below are suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates.

(a) Cash flow statement

The company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard Number 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.

(b) Related party transactions

In accordance with the exemption afforded by Financial Reporting Standard Number 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 financials statements are publicly available.

(c) Investments

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

(d) Turnover

The company's general partner's profit share receivable from the Partnership is recognised on the accruals basis. It is a fixed sum due for each relevant accounting period and is payable in priority from any available cash distributions made by the Partnership.

(e) Carried interest income

Carried interest income distributed by the Partnership arising from the performance results of holdings in the underlying investments in real estate operating companies and business ventures is accounted for once an entitlement has arisen.

(f) Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognized as recoverable and therefore recognized only when, on the basis of all evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on an undiscounted basis.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010 (continued)

1. ACCOUNTING POLICIES (continued)

(g) Foreign currency

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Foreign currency transactions are translated into sterling at the rates ruling at the time of the transaction and foreign exchange differences arising are treated as part of the Company's profit on ordinary activities.

2. TURNOVER

Turnover for the year consists of General Partner's shares receivable from the PREICS Partnership of £2,000 (2009: £2,000) and from the PRECO III Partnership of US\$1,000 (£647) (2009: \$1,000 (£641)). In addition the company received £nil (€nil) of carried interest in the year (2009: £nil (€nil)).

3. OPERATING PROFIT

The auditors' remuneration in respect of audit services provided to the company amounts to £2,295 (2009: £4,300) and is borne by the immediate parent company, Pramerica Financial Limited.

There were no employees employed by the company in the year (2009: Nil).

4. DIRECTORS' EMOLUMENTS

The directors did not receive any emoluments in respect of the services to the company (2009: £nil).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010 (continued)

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2010 £	2009 £
Current tax		
UK corporation tax (credit)/charge on the profits of the financial year	<u>(727)</u>	<u>727</u>
Tax on profit on ordinary activities	<u>(727)</u>	<u>727</u>

The tax assessed for the year is lower than (2009: equal to) the standard rate of corporation tax in the UK of 28.0% (2009:28.0%). The difference in respect of the prior year is explained below:

	2010 £	2009 £
Profit on ordinary activities before tax	2,617	<u>2,595</u>
Profit on the ordinary activities multiplied by standard rate of 28.0% (2009:28.0%)	733	727
Group relief received from affiliated companies	(733)	-
Prior year adjustment	<u>(727)</u>	<u>-</u>
Current tax (credit)/charge for the year	<u>(727)</u>	<u>727</u>

There are no deferred tax assets or liabilities in 2010 (2009: £nil) and no deferred tax charge or credit recognised in 2010 (2009: £nil).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010 (continued)**6. INVESTMENTS IN LIMITED PARTNERSHIPS**

	2010	2009
	£	£
Limited partner's capital contributions to Pramerica Real Estate Investment Clubs (Scotland) Limited Partnership	700	700
Limited partner's capital contributions to PRECO III (Scotland) Limited Partnership	2,367	2,367
Limited partner's capital contributions to Pramerica Property Partners Fund (Scotland) Limited Partnership	<u>2,517</u>	<u>2,517</u>
Total fixed asset investments in Limited Partnerships	<u>5,584</u>	<u>5,584</u>

The above investments have not suffered any permanent diminutions in value and consequently are stated at cost (2009: same).

The investment in Pramerica Real Estate Investment Clubs (Scotland) Limited Partnership through which investments are made in Pramerica Real Estate Investment Clubs Limited Partnership entitles Pramerica Real Estate Investment Clubs (Scotland) Limited Partnership to certain carried interest entitlements arising from the performance of underlying investments.

The company also invested in PRECO III (Scotland) Limited Partnership in 2007 through which investments are made in PRECO III (UK) Limited Partnership (together with Pramerica Real Estate Investment Clubs Limited Partnership, "the Underlying Partnerships"). This investment also entitles the company to certain carried interest entitlements arising from the performance of underlying investments.

The company is entitled to its relevant share of any carried interest distributions made by the Underlying Partnerships upon receipt in the Underlying Partnerships of any such distributions from underlying investments. The repayment of the capital contributions is only upon the winding-up of the Partnerships, in accordance with the terms of the limited partnership agreement and the company has no entitlement to any other distributions from the Partnerships the Underlying Partnerships, or any of the underlying investments.

The directors consider the value of the investments to be supported by their underlying assets.

PRAMERICA (GP2) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010 (continued)****7. DEBTORS**

	2010 £	2009 £
Amount owed by Pramerica Real Estate Investment Clubs (Scotland) Limited Partnership	<u>2,000</u>	—

Amounts owed by affiliates are unsecured, interest free and repayable on demand.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Amounts owed to PRECO III (Scotland) Limited Partnership	314	314
Amounts owed to parent company	10,604	10,605
Taxation	<u>—</u>	<u>727</u>
	<u>10,918</u>	<u>11,646</u>

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

9. CALLED UP SHARE CAPITAL

	2010 £	2009 £
Authorised - 10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted and issued - 700 ordinary shares of £1 each – paid	<u>700</u>	<u>700</u>
Allotted and issued – 1 ordinary share of £1 each - unpaid	<u>1</u>	<u>1</u>

10. PROFIT AND LOSS ACCOUNT

	2010 £	2009 £
At 1 January	13,145	11,277
Profit for the financial year	<u>3,344</u>	<u>1,868</u>
At 31 December	<u>16,489</u>	<u>13,145</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010 (continued)

11. RELATED PARTIES

During the year the company recognised a General Partner share of £2,000 (2009: £2,000) from the PREICS Partnership.

The company also recognised a General Partner share of £647 (2009: £641) from the PRECO III (Scotland) Partnership, which was paid during the year (2009: paid £641).

In 2005 the company purchased an investment in the PRECO III Partnership in the amount of £1,999. This had not been paid to the PRECO III Partnership at 31 December 2010 (2009: paid £ nil).

In 2006 the company also collected contributions to the PRECO III Partnership from its limited partners amounting to £290. These also had not been paid to the PRECO III Partnership at 31 December 2010 (2009: paid £nil).

In 2008 the company purchased a further investment in the PRECO III Partnership during the year in the amount of £181. This had not been paid to the PRECO III Partnership at 31 December 2010 (2009: paid £nil). In addition, the company purchased an investment in the PRECO III Partnership during 2008 in the amount of £187. This had not been paid to the PRECO III Partnership at 31 December 2010 (2009: paid £nil).

During 2008 the company also purchased an investment in the Pramerica Property Partners Fund (Scotland) in the amount of £2,517. This had not been paid to Pramerica Property Partners Fund (Scotland) at 31 December 2010 (2009: paid £nil).

12. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

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 Pramerica Financial 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.

The directors regard Pramerica Financial Limited as the controlling party and Prudential Financial Inc. as the ultimate controlling party.