

PRAMERICA REAL ESTATE CAPITAL I (GP) SCOTLAND LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

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Registered number SC366189

PRAMERICA REAL ESTATE CAPITAL I (GP) SCOTLAND LIMITED

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PRAMERICA REAL ESTATE CAPITAL I (GP) SCOTLAND LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

A. J. S. Macland
A. H. Radkiewicz
K. M. Shah
J. A. Taylor
E. B. Adler

Company Secretary

S. J. Davies

Registered office

50 Lothian Road
Festival Square
Edinburgh
Scotland
EH3 9WJ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Solicitors

Clifford Chance LLP
10 Upper Bank Street
London
E14 5JJ

PRAMERICA REAL ESTATE CAPITAL I (GP) SCOTLAND LIMITED
REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 DECEMBER 2011

The directors present their annual report and audited financial statements of Pramerica Real Estate Capital I (GP) Scotland Limited (the 'Company') for the year ended 31 December 2011.

1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as a General Partner to Pramerica Real Estate Capital I (Scotland) Limited Partnership (the 'Partnership'), under a limited partnership agreement, established and registered in England and Wales under the Limited Partnerships Act 1907, between the Company and certain limited partners. The principal purpose of the Partnership is to hold partnership interests that invest in mezzanine debt instruments secured on commercial real estate based mainly in the UK and Germany.

The activities and operation of the Partnership are governed by the terms of the limited partnership agreement. The Company as general partner is responsible for the management and operation of the Partnership. The Partnership, acting through 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 the Partnership under the terms of the management agreement.

Financial Risk Management

The Company's risk profile is limited to credit risk and this is itself is relatively low given the relationship with the Partnership and level of general partner share. The main key performance indicator used is profit before tax.

2. DIRECTORS

The directors of the Company who were in office during the year and up to the date of signing the financial statements are shown on page 1. The changes in the composition of the board that have occurred since 1 January 2011 are shown below.

	<u>Date of appointment</u>	<u>Date of resignation</u>
P. M. Barrett	-	31 March 2011
E. B. Adler	30 March 2011	-

PRAMERICA REAL ESTATE CAPITAL I (GP) SCOTLAND LIMITED

REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 DECEMBER 2011 (continued)

3. RESULTS FOR THE YEAR

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

	2011	2010
	£	£
Revenue	<u>1,000</u>	<u>-</u>
Profit/ (loss) on ordinary activities before taxation	997	-
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>
Profit for the financial year	<u>997</u>	<u>-</u>

No interim dividends were paid in the year (2010: £nil). The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2011 (2010: £nil).

4. DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Report of the Directors 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 prepared 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 judgements 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.

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.

PRAMERICA REAL ESTATE CAPITAL I (GP) SCOTLAND LIMITED

REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 DECEMBER 2011 (continued)

6. 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. which was 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

A handwritten signature in black ink, appearing to be 'S. J. Davies', written over a horizontal line.

S. J. Davies
Company Secretary

30 March 2012

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PRAMERICA REAL ESTATE CAPITAL I (GP) SCOTLAND LIMITED**

We have audited the financial statements of Pramerica Real Estate Capital I (GP) Limited for the year ended 31 December 2011 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 3, 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. In addition, we read all the financial and non-financial information in the Annual Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 and of its profit 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 Report of the Directors for the year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PRAMERICA REAL ESTATE CAPITAL I (GP) SCOTLAND 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.



Graham Phillips (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 March 2012

PRAMERICA REAL ESTATE CAPITAL I (GP) SCOTLAND LIMITED

**PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2011**

	Note	2011 £	2010 £
Turnover		1,000	-
Administration expenses		<u>(3)</u>	<u>-</u>
Operating profit	2	997	-
Interest receivable and similar income		<u>-</u>	<u>-</u>
Profit on ordinary activities before taxation		997	-
Tax on profit on ordinary activities	4	<u>-</u>	<u>-</u>
Profit for the financial year		<u>997</u>	<u>-</u>

All profits arise from continuing activities. There are no other recognised gains and losses other than profit for the financial year to 31 December 2011, or the financial period to 31 December 2010 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 financial year 31 December 2011, or the financial period to 31 December 2010 and their historical cost equivalents.

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
for the year ended 31 December 2011**

	Note	2011 £	2010 £
Profit for the year	8	<u>997</u>	<u>-</u>
Net movement in shareholders' funds		997	-
Opening shareholders' funds		1	-
Share capital issued		<u>-</u>	<u>1</u>
Closing Shareholders' funds		<u>998</u>	<u>1</u>

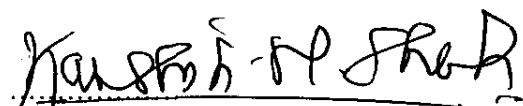
The notes on pages 9 to 12 form part of these financial statements.

PRAMERICA REAL ESTATE CAPITAL I (GP) SCOTLAND LIMITED

**BALANCE SHEET
as at 31 December 2011**

	Note	2011 £	2010 £
Fixed assets			
Investments	5	<u>188</u>	<u>188</u>
Current assets			
Debtors		-	-
Cash at bank and in hand		<u>997</u>	<u>-</u>
			-
Creditors: amounts falling due within one year	6	<u>(187)</u>	<u>(187)</u>
Net current assets		<u>810</u>	<u>(187)</u>
Total assets less current liabilities		<u>998</u>	<u>1</u>
Net assets		<u>998</u>	<u>1</u>
Capital and reserves			
Called up share capital	7	1	1
Profit and loss account	8	<u>997</u>	<u>-</u>
Total shareholders' funds		<u>998</u>	<u>1</u>

The financial statements on pages 7 to 12 were approved by the board of directors on 30 March 2012 and were signed on its behalf by:



K. M. Shah
Director

Registered number SC366189

The notes on pages 9 to 12 form part of these financial statements.

PRAMERICA REAL ESTATE CAPITAL I (GP) SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 December 2011

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 paragraph 3 (c) of 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 financial statements are publicly available.

(c) *Fixed assets 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.

PRAMERICA REAL ESTATE CAPITAL I (GP) SCOTLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 December 2011 (continued)**

2. OPERATING PROFIT

The auditors' remuneration in respect of audit services provided to the Company amounts to £2,410 (2010: £4,000) and is borne by the immediate parent company, Pramerica Financial Limited

There were no employees employed by the Company in the year.

3. DIRECTORS' EMOLUMENTS

The directors did not receive any emoluments in the respect of their services to the Company (2010: £nil).

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011	2010
	£	£
Current tax:		
UK corporation tax charge on the profits of the year	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

The tax assessed for the year is lower than (2010: equal to) the standard rate of corporation tax in the UK of 26.5% (2010: 28%). The differences are explained below:

	2011	2010
	£	£
Profit on ordinary activities before tax	<u>997</u>	<u>-</u>
Profit on ordinary activities multiplied by standard rate in the UK of 26.5% (2010: 28.0%)	264	-
Effects of:		
Group relief received from affiliated companies	<u>(264)</u>	<u>-</u>
Current tax charge for the year	<u><u>-</u></u>	<u>-</u>

There are no deferred tax assets or liabilities in 2011 (2010: £nil) and no deferred tax charge or credit recognised in 2011 (2010: £nil).

PRAMERICA REAL ESTATE CAPITAL I (GP) SCOTLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 December 2011 (continued)**

5. FIXED ASSET INVESTMENTS

	2011 £	2010 £
Investment in Pramerica Real Estate Capital I (Scotland) Limited Partnership	<u>188</u>	<u>188</u>

The directors consider the value of the investment to be supported by its underlying assets. The above investment has not suffered any permanent diminutions in value and consequently is stated at cost (2010: same).

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Amounts owed to group undertakings	<u>187</u>	<u>187</u>

Amounts owed to the parent company are unsecured, interest free and repayable on demand.

7. CALLED UP SHARE CAPITAL

	2011	2010
Allotted, issued and fully paid:		
Number of Ordinary shares of £1 each	<u>1</u>	<u>1</u>

8. PROFIT AND LOSS ACCOUNT

	2011 £	2010 £
At 1 January	-	-
Profit for the financial year	<u>997</u>	-
At 31 December	<u>997</u>	-

9. RELATED PARTIES

During 2010 the Company made an investment in Pramerica Real Estate Capital I (Scotland) Limited Partnership. This was financed via Pramerica Financial Limited, the parent company. At the year end £187 was still owed in relation to this transaction.

PRAMERICA REAL ESTATE CAPITAL I (GP) SCOTLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 December 2011 (continued)**

10. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's ultimate parent company is Prudential Financial Inc., a company incorporated 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 immediate parent undertaking of the smallest group which includes the Company and 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.

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