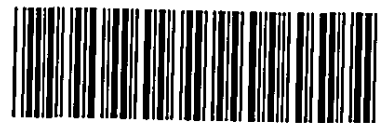


**FIL PROPERTY COMPANY
LIMITED**

(Registered No: 2039759)

**Annual Report
for the year ended 30 June 2008**

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FIL PROPERTY COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

The directors submit their annual report and audited financial statements for the year ended 30 June 2008.

Principal activities

The company's principal activities are to hold the headleases of Beechgate, Windmill Court, Tadworth, Surrey and Charles House, Birmingham. It is anticipated that the company will continue to act in this capacity for the foreseeable future.

Review of business and future developments

It is anticipated that the company will continue to hold the headleases of Beechgate and Charles House. Rental payments are made to the property freeholders and rental receipts are obtained from the company's sub-lessee, FIL Investment Management Limited. During the year the company was released from the obligation to repay certain amounts due to group undertakings resulting in a credit of £8,500k in the profit and loss account for the year.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

The company's principal activities are anticipated to continue over the coming year.

Results and dividends

The results of the company are set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend.

Directors

The directors of the company during the year ended 30 June 2008 are listed below:

M Heath
R Heberden
M T A Smith

No director had a beneficial interest in any of the contracts of the company during the year (2007: none).

Statement as to disclosure of information to auditors

So far as the directors are aware there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and they 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.

Directors' interests in shares

No director had any disclosable interest in the shares of the company, its holding company, or any UK group company during the year (2007: none).

Name change

The company changed its name from Fidelity Property Company Limited to FIL Property Company Limited on 30 June 2008.

FIL PROPERTY COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008 - Continued

Financial risk management

In undertaking financial risk management the Directors have access to employees and services operated by FIL Limited (a company registered in Bermuda). FIL Limited and its subsidiary undertakings are hereafter referred to as the "Group".

The Company, as part of the wider Group, is committed to a business strategy which supports the proactive identification and assessment of risk, and uses risk information to enhance informed decision making and develop appropriate mitigation strategies. The board of directors monitor risks associated with the company and work closely with the Group's Risk Management department to identify potential risks and deal with them.

The Company has access to various oversight functions within the Group which provide a global and independent perspective to assist senior management with establishing policies, processes and procedures for risk. The primary components of this grouping include a central risk management department, a global compliance group, a global internal audit group and a security network.

Credit risk

The Company, as part of the Group, has access to credit rating services of all the major credit rating agencies and has access to the research of brokerage firms and independent research companies.

The company holds all bank and cash balances with Barclays Bank plc. Barclays Bank plc is AA rated by S&P.

Liquidity risk

Working capital balances are monitored closely on an ongoing basis.

Valuation risk

None of the properties within the company are held for investment and therefore there is no requirement for external valuation to be undertaken. However, depending on the market conditions and at the discretion of the directors, from time to time external valuations are carried out to ensure that there is no permanent impairment to the value of the properties.

Registered auditors

PricewaterhouseCoopers LLP were appointed as auditors on 6 March 2003. The company has passed elective resolutions to dispense with the appointment of auditors annually and the holding of an annual general meeting.

By order of the board



R A Heberden

Director

17 October 2008

Registered Office:
Oakhill House
130 Tonbridge Road
Hildenborough
KENT
TN11 9DZ

FIL PROPERTY COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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:

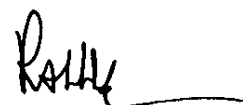
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board



R A Heberden
Director

17 October 2008

FIL PROPERTY COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIL PROPERTY COMPANY LIMITED

We have audited the financial statements of FIL Property Company Limited for the year ended 30 June 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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

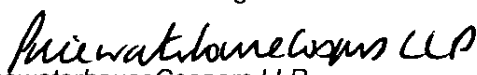
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

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 30 June 2008 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
London

17 October 2008

FIL PROPERTY COMPANY LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2008**

	<u>Notes</u>	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
Turnover		998	1,007
Administrative expenses		(1,078)	(1,128)
Exceptional item:			
Release of financial liability	8	8,500	-
Profit/(loss) on ordinary activities before taxation	4	8,420	(121)
Taxation on ordinary activities	5	194	(112)
Profit/(loss) for the financial year		8,614	(233)

All operations are regarded as continuing.

The company has no recognised gains and losses other than those included in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented. There are no material differences between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The notes on pages 7 to 12 form part of these financial statements

FIL PROPERTY COMPANY LIMITED

BALANCE SHEET AS AT 30 JUNE 2008

	<u>Notes</u>	<u>2008</u> £'000	<u>2007</u> £'000
Fixed assets			
Tangible assets	6	1,285	1,366
Current assets			
Debtors: amounts falling due within one year	7	255	287
Cash at bank and in hand		650	916
		905	1,203
Creditors: amounts falling due within one year	8	(255)	(9,046)
Net current assets/(liabilities)		650	(7,843)
Total assets less current liabilities		1,935	(6,477)
Creditors: amounts falling due after more than one year	9	(109)	(121)
Provision for liabilities and charges			
Deferred taxation	5(c)	(34)	(224)
Net assets/(liabilities)		1,792	(6,822)
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account		1,791	(6,823)
Total capital and reserves	11	1,792	(6,822)

The financial statements on pages 5 to 12 were approved by the Board of Directors on 17 October 2008 and were signed on its behalf by:


R A Heberden
 Director

The notes on pages 7 to 12 form part of these financial statements

FIL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of significant accounting policies, which have been applied consistently, is set out below:

a) Historical cost convention

The financial statements have been prepared in accordance with the historical cost convention.

b) Turnover

Turnover, which arises wholly in the United Kingdom and excludes Value Added Tax, comprises rentals from letting the company's leasehold property.

c) Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation or amortisation. The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Depreciation on leasehold property is calculated on a straight line basis over 25 years being the lesser of the useful economic life of the property and the minimum life of the lease. Fixtures and fittings are depreciated over 5 years, being the expected useful economic lives of the assets.

d) Deferred taxation

Deferred taxation is recognised in respect of all timing differences which have originated, but not reversed, at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred. A deferred tax asset is recognised when it is more likely than not that the asset will be recoverable.

Deferred tax is measured on a non-discounted basis at the rate of Corporation Tax that is expected to apply when the timing differences are expected to reverse.

e) Cashflow statement

The company has taken advantage of the exemption within FRS1 (Revised) for subsidiary undertakings, 90% or more of whose voting rights are controlled within a group, from producing a cashflow statement. The cashflows of the company are included in the consolidated group cashflow statement of FIL Investment Management Limited, its immediate controlling company.

f) Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

FIL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued
30 JUNE 2008

2 Directors' emoluments

	<u>2008</u> £'000	<u>2007</u> £'000
<i>All directors</i>		
Aggregate emoluments	21	66
Company pension contributions to defined contribution schemes	<u>2</u>	<u>17</u>

Retirement benefits are accruing to three (2007: three) directors under a defined contribution scheme.

	<u>2008</u> £'000	<u>2007</u> £'000
<i>Highest paid director</i>		
Aggregate emoluments	11	19
Company pension contributions to defined contribution schemes	<u>1</u>	<u>12</u>

3 Employee information

There were no employees during the year (2007: None).

4 Loss on ordinary activities before taxation

	<u>2008</u> £'000	<u>2007</u> £'000
Loss on ordinary activities before taxation is stated after charging:		
Depreciation	109	108
Operating property lease charges	<u>967</u>	<u>993</u>

Audit fees for the years ended 30 June 2008 and 2007 were borne by FIL Investment Management Limited, and amounted to £7k (2007: £6k).

Non-audit fees (for services relating to taxation) paid to the auditor for the years ended 30 June 2008 and 2007 were borne by FIL Investments Management Limited, and amounted to £2k (2007: £2k).

FIL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued
30 JUNE 2008

5 Taxation

- a) The (credit)/charge for taxation on the profit/(loss) on ordinary activities is made up as follows:

	<u>2008</u> £'000	<u>2007</u> £'000
Current taxation:		
UK corporation tax on profit/(loss) for the period	-	-
Adjustments in respect of prior periods	(4)	93
	<hr/>	<hr/>
Total current taxation	(4)	93
Deferred taxation:		
Origination and reversal of timing differences	(190)	19
	<hr/>	<hr/>
Taxation on loss on ordinary activities	<u>(194)</u>	<u>112</u>

- b) The tax assessed for the period is higher than the loss at the standard rate of corporation tax in the UK (30%). The differences are explained below:

	<u>2008</u> £'000	<u>2007</u> £'000
Profit/(loss) on ordinary activities before tax	8,420	(121)
UK corporation tax on profit/(loss) at 29.5% (2007: 30%)	2,484	(37)
	<hr/>	<hr/>
Adjustments:		
Expenses not deductible for tax purposes	-	14
Depreciation in excess of capital allowances	32	19
Adjustments to tax charge in respect of previous periods	(4)	93
Non-taxable income	(2,508)	-
Tax losses surrendered	(8)	4
	<hr/>	<hr/>
Total current taxation	<u>(4)</u>	<u>93</u>

- c) The movement on the deferred tax liability is as follows:

	<u>2008</u> £'000	<u>2007</u> £'000
Provision at start of period	224	205
Deferred tax debit/(credit) in profit and loss account	(190)	19
	<hr/>	<hr/>
Provision at end of period	<u>34</u>	<u>224</u>

- d) The deferred tax liability consists of:

	<u>2008</u> £'000	<u>2007</u> £'000
Capital allowances in excess of depreciation	<u>34</u>	<u>224</u>

FIL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued
30 JUNE 2008

6 Tangible Assets

	Leasehold Property £'000	Fixtures & Fittings £'000	Total £'000
Cost			
At 1 July 2007	2,718	2,830	5,548
Additions	27	-	27
At 30 June 2008	2,746	2,830	5,575
Depreciation			
At 1 July 2007	(1,352)	(2,830)	(4,182)
Charge for the year	(109)	-	(109)
At 30 June 2008	(1,461)	(2,830)	(4,291)
Net book value At 30 June 2008	1,285	-	1,285
Net book value At 30 June 2007	1,366	-	1,366

7 Debtors: amounts falling due within one year

	<u>2008</u> £'000	<u>2007</u> £'000
Prepayments and accrued income	238	280
Related party receivable	16	7
Vat receivable	1	-
	255	287

FIL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued
30 JUNE 2008

8 Creditors: amount falling due within one year

	<u>2008</u> £'000	<u>2007</u> £'000
Amounts owed to group undertakings	-	8,757
VAT payable	-	40
Corporation tax liability	-	-
Accruals and deferred income	255	249
	<u>255</u>	<u>9,046</u>

During the year to 30 June 2008 it was agreed that the company was released from the obligation to repay certain amounts due to the group undertaking; this has resulted in a credit of £8,500k in the profit and loss account.

9 Creditors: amounts falling due after more than one year

	<u>2008</u> £'000	<u>2007</u> £'000
Deferred income	109	121
	<u>109</u>	<u>121</u>

10 Called up share capital

	<u>2008</u> £	<u>2007</u> £
500 Authorised, issued, called up and fully paid shares of £1 each	500	500
	<u>500</u>	<u>500</u>

11 Reconciliation of movements in shareholders' funds

	<u>2008</u> £'000	<u>2007</u> £'000
Profit/(loss) for the financial year	8,614	(233)
Opening shareholder funds	(6,822)	(6,589)
	<u>1,792</u>	<u>(6,822)</u>
Closing shareholders' funds	<u>1,792</u>	<u>(6,822)</u>

FIL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued 30 JUNE 2008

12 Capital commitments

As at 30 June 2008 there were no capital commitments (2007: nil).

13 Contingent liabilities

The company, along with certain other FIL Limited group companies, has entered into an arrangement whereby the balance on its bank account is subject to a legal set off agreement, and the Company is jointly and severally liable for any liabilities which may arise under this agreement. As at 30 June 2008 the net bank balance on accounts held within the arrangement was £3,446k (2007 net bank balance: £2,912k).

14 Financial commitments

As at 30 June 2008, the company has annual commitments under non-cancellable operating leases as follows:

	<u>2008</u> Land and Buildings £'000	<u>2007</u> Land and Buildings £'000
Expiring during years 2 to 5	18	18
Expiring in over 5 years	954	954

15 Related party disclosure

The company has taken advantage of the exemption for subsidiary undertakings 90% or more of whose voting rights are controlled within the group, from disclosing transactions with entities that are part of the group or investees of the group qualifying as related parties.

16 Immediate and ultimate parent undertaking

The immediate controlling party for which consolidated accounts are prepared is FIL Investment Management Limited, a company registered in England and Wales. Copies of the immediate controlling party's consolidated financial statements can be obtained from the Secretary, FIL Investment Management Limited, Oakhill House, 130 Tonbridge Road, Hildenborough, Kent, TN11 9DZ.

The ultimate controlling company is FIL Limited (which changed its name from Fidelity International Limited on 1 February 2008), a Bermuda company, which owns 100% of Fidelity Investment Management Limited's issued share capital.