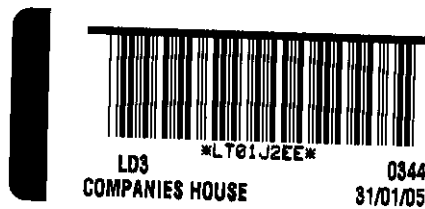


ALCOBENDAS ENTRUST LIMITED

(Company Registration Number: 3835752)

Report and Accounts 31 December 2003



ALCOBENDAS ENTRUST LIMITED

REPORT AND ACCOUNTS 2003

CONTENTS	PAGE
Company Information	2
Directors' Report	3
Statement of Directors' Responsibilities	4
Independent Auditors' Report	5
Profit and Loss Account and Statement of Total Recognised Gains and Losses	6
Balance Sheet	7
Notes to the Accounts	8

ALCOBENDAS ENTRUST LIMITED

BOARD OF DIRECTORS

J R A Bury

N C Varnham

Company Secretary

Henderson Secretarial Services Limited

Registered Office

4 Broadgate
London
EC2M 2DA

Company Registration No: 3835752

Auditors

Ernst & Young LLP

1 More London Place
London
SE1 2AF

ALCOBENDAS ENTRUST LIMITED

DIRECTORS' REPORT

The Directors have pleasure in presenting the Annual Report and Accounts of Alcobendas Entrust Limited for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of the Company is property development and investment. The development property held by the company's Spanish branch was completed in 2002, and disposed of in 2003. The company purchased a new investment property in 2003, sited in Scotland.

BUSINESS REVIEW

Details of the results for the year are set out in the Company accounts and the related notes on pages 6 to 12.

DIVIDENDS

The Directors do not recommend the payment of a dividend (2002: £nil).

DIRECTORS AND THEIR INTERESTS

The Directors of the Company are set out on page 2, all of whom held office throughout the year.

The Directors' shareholdings in HHG PLC were:

Name of Director	31 December 2003 No. of shares held	1 January 2003 No. of shares held
J Bury	343	-
N Varnham	2,252	-

PAYMENT OF SUPPLIERS

The Group's policy is to pay its suppliers by the due date specific to each transaction. The annualised average number of days credit, based on the aggregate of trade creditors at the end of the year and the aggregate amounts invoiced by trade creditors during the year ended 31 December 2003, was 42 days (2002: 36 days).

AUDITORS

Ernst & Young LLP have expressed their willingness to continue in office and a resolution that they will be re-appointed at a fee fixed by the directors will be proposed at the Annual General Meeting.

By order of the Board of Directors.



S J Whiteside
For and on behalf of
Henderson Secretarial Services Limited, Secretary

31 January 2005

ALCOBENDAS ENTRUST LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The Directors are required by UK Company Law to prepare accounts for each financial year that 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 or loss of the Company for that year.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31 December 2003. The Directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on a going concern basis.

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 accounts 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.

ALCOBENDAS ENTRUST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALCOBENDAS ENTRUST LIMITED

We have audited the Company's accounts for the year ended 31 December 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 19. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 with the Company 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 United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered auditor
London

31 January 2005

ALCOBENDAS ENTRUST LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2003

	Notes	2003 £	2002 £
Revenue	2	4,388,739	3,154,569
Operating expenses	5	(935,162)	(2,117,073)
Operating profit	3	3,453,577	1,037,496
Profit on disposal of investments		4,477,086	-
Interest receivable		12,347	11,186
Interest payable	6	(1,225,541)	(1,264,986)
Net profit/(loss) before taxation		6,717,469	(216,304)
Corporation Tax	7	(4,818,392)	-
Retained profit/(loss) for the financial year		1,899,077	(216,304)

The accompanying notes are an integral part of this profit and loss account.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2003

	2003 £	2002 £
Profit/(loss) for the financial year	1,899,077	(216,304)
Surplus on revaluation of assets	-	10,521,711
Total recognised gains and losses relating to the year	1,899,077	10,305,407

The accompanying notes are an integral part of this statement of total recognised gains and losses.

ALCOBENDAS ENTRUST LIMITED

BALANCE SHEET 31 December 2003

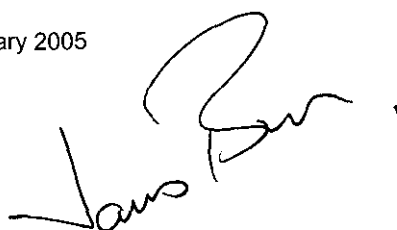
	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	8	380,858	37,753,317
Current assets			
Debtors	9	22,116	385,548
Cash at bank and in hand	10	56,621,086	2,873,988
		<u>56,643,202</u>	<u>3,259,536</u>
Creditors: Amounts falling due within one year	11	43,686,914	29,051,419
Net current assets/(liabilities)		<u>12,956,288</u>	<u>(25,791,883)</u>
Total assets less current liabilities		<u>13,337,146</u>	<u>11,961,434</u>
Creditors: Amounts falling due in more than one year	12	-	523,365
		<u>13,337,146</u>	<u>11,438,069</u>
Capital and reserves			
Called up share capital	13	5,927,104	5,927,104
Profit and loss account	14	7,410,042	(5,010,746)
Revaluation reserve	14	-	10,521,711
Total shareholders' funds attributable to equity interests		<u>13,337,146</u>	<u>11,438,069</u>

The accompanying notes are an integral part of this balance sheet.

The accounts were approved by the Board of Directors and signed on its behalf by:

J R A Bury
Director

31 January 2005



ALCOBENDAS ENTRUST LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

i. *Basis of accounting*

The accounts have been prepared on the historical cost basis of accounting, as modified by revaluation of certain fixed asset investments and in accordance with applicable UK accounting standards.

ii. *Foreign currencies*

The assets, liabilities and results for the year denominated in foreign currencies are translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences arising are charged/credited to the profit and loss account.

iii. *Investment properties*

Investment properties are shown at their open market value based on annual valuation. For the year ended 31 December 2003 the property has been revalued for the accounts by DTZ Debenham Tie Leung (Chartered Surveyors).

iv. *Depreciation- Land and Buildings*

No depreciation will be provided in respect of investment properties. This departure from the requirements of the Companies Act 1985, for all properties to be depreciated, is, in the opinion of the Directors, necessary for the financial statements to give true and fair view in accordance with applicable accounting standards, as properties are to be included in the financial statements at their open market value.

v. *Depreciation- Other Fixed assets*

Depreciation is provided on other fixed assets so as to write off the cost less residual value of each asset on a straight line basis over the anticipated useful life.

	Depreciation %
Computer Equipment	25
Motor Vehicles	8
Other tangible assets	20

vi. *Taxation*

Corporation tax has been provided on taxable profits at the current rate.

2. REVENUE

Revenue, which is stated net of value added tax, arises predominantly from rental income and other sundry income from other services and comprises the following

	2003 £	2002 £
Rental Income	4,259,654	3,135,913
Income from other services	129,085	18,656
	<hr/> 4,388,739	<hr/> 3,154,569

3. OPERATING PROFIT

Operating profit is stated after crediting exchange gains on foreign currency of £2,649,705 (2002: £2,159,248 gain)

The auditors' remuneration has been met in full by a fellow subsidiary undertaking.

ALCOBENDAS ENTRUST LIMITED

NOTES TO THE ACCOUNTS (continued)

4. DIRECTORS' EMOLUMENTS

The Directors of the Company have contracts of employment with Henderson Administration Limited, a fellow subsidiary. They received no remuneration for their services to Alcobendas Entrust Limited.

The Directors of the Company are also Directors of other group companies. The Directors remuneration was all paid by Henderson Administration Limited.

5. OPERATING EXPENSES

Included within operating expenses is £210,529 compensation expenditure payable to the tenants (2002: £1,481,033), incurred due to the delayed opening of an investment property.

6. INTEREST PAYABLE

	2003 £	2002 £
Interest on short term debt	1,225,541	1,264,986

7. TAXATION ON PROFITS ON ORDINARY ACTIVITIES

	2003 £	2002 £
Corporation Tax	4,818,392	-
Double Tax relief	(4,144,425)	-
Overseas tax	4,144,425	-
Current tax debit for the period	4,818,392	-

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

	2003 £	2002 £
Profit/(loss) on ordinary activities before tax	6,717,469	(216,304)
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK (30%) (2002: 30%)	2,015,241	(64,891)
Effects of :		
Permanent timing differences	(353,362)	64,891
Profit on Disposal recognised in previous years	3,156,513	-
Current tax debit for the period	4,818,392	-

ALCOBENDAS ENTRUST LIMITED

NOTES TO THE ACCOUNTS (continued)

8. TANGIBLE ASSETS

	Investment Properties £	Other Fixed Assets £	Total £
Cost			
At 1 January 2003	25,255,300	2,665,274	27,920,574
Disposals	(25,290,280)	(2,657,734)	(27,913,035)
Additions	409,980	-	409,980
Foreign exchange gain on investment property	-	-	-
At 31 December 2003	375,000	7,540	382,540
Depreciation			
At 1 January 2003	-	688,968	688,968
Charge for the year	-	552,041	552,041
On disposals	-	(1,239,327)	(1,239,327)
At 31 December 2003	-	1,682	1,682
Unrealised gain			
At 1 January 2003	10,521,711	-	10,521,711
On disposal	(10,521,711)	-	(10,521,711)
At 31 December 2003	-	-	-
Net book value			
At 1 January 2003	35,777,011	1,976,306	37,753,317
At 31 December 2003	375,000	5,858	380,858

The company disposed of its investment property in Spain for €63,250,000 (£44,578,670) during 2003, and purchased an investment asset in Aberdeen, Scotland for £375,000.

9. DEBTORS

	2003 £	2002 £
Trade debtors	22,116	344,565
VAT	-	2,326
Other debtors	-	38,657
	22,116	385,548

10. CASH AT BANK AND IN HAND

	2003 £	2002 £
Long term deposit	-	387,227
Cash at bank	56,621,086	2,486,761
	56,621,086	2,873,988

ALCOBENDAS ENTRUST LIMITED

The long term deposit is held with the Spanish government.

NOTES TO THE ACCOUNTS (continued)

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Trade creditors	1,701,886	551,848
Amounts owed to group companies	29,918,127	28,350,184
Other taxation and social security costs	7,248,509	123,334
Corporation Tax	4,818,392	-
Other creditors	-	26,053
	<u>43,686,914</u>	<u>29,051,419</u>

The 'Amounts owed to group companies' of £29,918,127 consists of a loan balance of £24,993,283 and accumulated interest of £4,549,844, and has been drawn down from a total secured loan of £25,312,000 plus accrued interest from Pearl Assurance Plc at LIBOR plus 0.5% repayable on 30 days notice or by 23 December 2009. In addition £375,000 is due for the transfer of 18 Market Street, Aberdeen

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003 £	2002 £
Deposits and guarantees	-	523,365
	<u>-</u>	<u>523,365</u>

13. SHARE CAPITAL

	2003 £	2002 £
Authorised ordinary shares of £1 each	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, called up and fully paid ordinary shares of £1 each	5,927,104	5,927,104
	<u>5,927,104</u>	<u>5,927,104</u>

14. RESERVES

	Share capital £	Profit & loss account £	Revaluation reserve £	Total share- holders funds £
At 1 January 2003	5,927,104	(5,010,746)	10,521,711	11,438,069
Transfer of revaluation reserve	-	10,521,711	(10,521,711)	-
Profit for the year	-	1,899,077	-	1,899,077
	<u>5,927,104</u>	<u>7,410,042</u>	<u>-</u>	<u>13,337,146</u>
At 31 December 2003	5,927,104	7,410,042	-	13,337,146

ALCOBENDAS ENTRUST LIMITED

NOTES TO THE ACCOUNTS (continued)

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit/(loss) for the financial year	1,899,077	(216,304)
Surplus on revaluation of assets	-	10,521,711
Net increase to shareholders' funds	1,899,077	10,305,407
Opening shareholders' funds	11,438,069	1,132,662
Closing shareholders' funds	13,337,146	11,438,069

16. RELATED PARTY DISCLOSURE

The Company has taken advantage of the exemption in FRS 8 'Related Party Disclosures', relating to transactions between 90 per cent or more controlled subsidiaries, by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties.

17. PARENT UNDERTAKING

The Company's immediate parent undertaking is Pearl (Alcobendas) Limited and ultimate parent undertaking is HHG Plc (formerly AMP (UK) Plc). A copy of the group accounts can be obtained from its registered office at 4 Broadgate, London, EC2M 2DA.

Prior to 12 December 2003, the Company's ultimate parent undertaking was AMP Limited, a company incorporated in New South Wales, Australia. A copy of the accounts of the former ultimate parent undertaking can be obtained from Level 24, 33 Alfred Street, Sydney, New South Wales 2000, Australia.

18. CASH FLOW STATEMENT

The Company has taken advantage of the exemption provided in FRS 1 (revised 1996) 'Cash Flow Statements' to subsidiary undertakings where 90% or more of the voting rights are controlled within the group, by not preparing a cash flow statement. Details of the ultimate holding Company are provided in note 17 to the accounts.

19. POST BALANCE SHEET EVENTS

Since the balance sheet date, the company has settled the loan and accrued interest with Pearl Assurance Plc, and the branch in Spain will be closed in 2005.