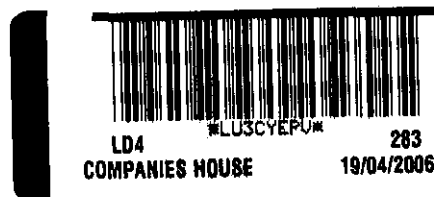


**ABBAY NATIONAL BAKER STREET
INVESTMENTS**

**Registered in England and Wales
No. 2468307**

REPORT AND ACCOUNTS

**FOR THE YEAR ENDED
31 DECEMBER 2005**



ABBEY NATIONAL BAKER STREET INVESTMENTS

Report of the directors

The Directors submit their report together with the accounts for the year ended 31 December 2005.

Principal activity and review of the year

The principal activity of the Company was to act as an investment company. In March 2004, the decision was taken to cease investment activities; as a result, the existing portfolio has now been disposed of.

The Directors do not expect any significant change in the level of business in the foreseeable future.

Dividend

The profit for the year on ordinary activities after tax amounted to £nil (2004: £44,723).

The Directors do not recommend the payment of a dividend (2004: £13,200,000).

Directors and their interests

The Directors who served throughout the year, except as noted, were:

Mr D M Green (Appointed 1 January 2005)

Mr P A Ramsell

No Director of the Company has any interest in the shares of the Company, or of other Group Companies incorporated in Great Britain.

Directors' responsibility in respect of the preparation of accounts

The directors are responsible for preparing their report and financial statements. The directors have chosen to prepare accounts for the company in accordance with International Financial Reporting Standards (IFRSs). Company law requires the directors to prepare such financial statements in accordance with International Financial Reporting Standards, the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the accounts on a going concern basis unless, having assessed the ability of the company to continue as a going concern, management either intends to liquidate the entity or to cease trading, or have no realistic alternative but to do so.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which comply with the requirements of the Companies Act 1985.

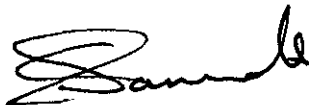
Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

ABBHEY NATIONAL BAKER STREET INVESTMENTS

Auditors

In accordance with Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to appoint auditors annually. Accordingly, Deloitte & Touche LLP are therefore deemed to have been re-appointed as auditors of the Company.

By Order of the Board

A handwritten signature in black ink, appearing to read 'Samuel', written over a horizontal line.

For and on behalf of
Abbey National Secretariat Services Limited
Company Secretary

11 January 2006

Registered Office Address: Abbey National House, 2 Triton Square, Regent's Place, London NW1 3AN

ABBEY NATIONAL BAKER STREET INVESTMENTS

Independent auditors' report to the members of Abbey National Baker Street Investments

We have audited the individual company financial statements (the "financial statements") of Abbey National Baker Street Investments for the year ended 31 December 2005, which comprise the income statement, the balance sheet and the related notes 1 to 11. These financial statements have been prepared under 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant framework and are properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you 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 and other members of the group is not disclosed.

We also report if, in our opinion, the directors' report is not consistent with the financial statements. We 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 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 circumstances of the company and the group, 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 those International Financial Reporting Standards as adopted for use in the European Union, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

11 January 2006

ABBEY NATIONAL BAKER STREET INVESTMENTS

Primary statements

Income Statement

For the Year ended 31 December 2005

	Notes	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Administrative expenses		-	(50)
Profit/(loss) from operations	2	-	(50)
Investment incomes	3	-	55,157
Profit before tax		-	55,107
Tax	4	-	(10,384)
Profit for the period from continuing operations		-	44,723
Net profit attributable to equity holders of the parent		-	44,723

The Company has no recognised gains or losses other than the results for the current and previous year as set out above.

ABBEY NATIONAL BAKER STREET INVESTMENTS

Primary statements

Balance Sheet

As at 31 December 2005

	Notes	2005 £	2004 £
Current Assets			
Called up share capital not paid		2,401,098	2,401,098
Trade and other receivables	6	121,037,661	121,048,045
		123,438,759	123,449,143
Current liabilities			
Trade and other payables	7	(187,617)	(198,001)
Net current assets		123,251,142	123,251,142
Net Assets		123,251,142	123,251,142
Equity			
Share capital	8	123,173,813	123,173,813
Retained earnings	9	77,329	77,329
Equity attributable to equity holders of the parent		123,251,142	123,251,142

The financial statements were approved by the board of directors and authorised for issue on 11 January 2006. They were signed on its behalf by:- *D. Green*


Director

ABBEY NATIONAL BAKER STREET INVESTMENTS

Notes to the financial statements for the year ended 31 December 2005

1. Accounting Policies

Adoption of International Accounting Standards

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the first time. The adoption of IFRS has not resulted in any differences from the financial statements as reported under UK GAAP that require disclosure under IFRS1.

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities held at fair value through profit or loss and all derivative contracts

Cash flow statement

A cash flow statement has not been included in the financial statements because the Company has not undertaken any cash transactions in the current or previous year and so no cash flows have occurred.

Income taxes, including deferred income taxes

Income tax payable on profits, based on the applicable tax law in each jurisdiction is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities, which are held at fair value through profit or loss.

Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are paid.

2. Profit/(loss) from operations

The audit fee was paid by the Company's ultimate UK parent undertaking, Abbey National plc, for which no recharge has been made in the current or prior year.

Directors' emoluments are borne by the ultimate UK parent undertaking, Abbey National plc. No emoluments were paid to the Directors in the current or previous financial year.

The Company had no employees in the current or previous financial year.

ABBEY NATIONAL BAKER STREET INVESTMENTS

Notes to the financial statements for the year ended 31 December 2005

3. Investment income

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Interest income	-	111
Net gain on trading investments	-	53,370
Dividend income	-	1,676
	-	55,157

4. Tax

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Current tax:		
UK corporation tax – group relief payable	-	(10,384)
	-	(10,384)

Corporation tax is calculated at 30% (2004: 30%) of the assessable profit for the year.

The charge for the year can be reconciled to the profit per the income statement as follows:

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Profit before tax	-	55,107
Tax at the UK corporation tax rate of 30% (2004: 30%)	-	(16,532)
Tax effect of income not chargeable to tax	-	6,147
Tax effect of adjustments to tax charge in respect of prior periods	-	1
Tax expense for the year	-	(10,384)

5. Dividends

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Amounts recognised as distributions to equity holders in the period:		
Interim dividend for the year ended 31 December 2004 of 0.99p per share		13,200,000

6. Trade and other receivables

	2005 £	2004 £
Amounts due by group companies	121,034,113	121,044,497
Other receivables	3,548	3,548
	121,037,661	121,048,045

The directors consider that the carrying amount of trade receivables approximates to their fair value.

ABBEY NATIONAL BAKER STREET INVESTMENTS

Notes to the financial statements for the year ended 31 December 2005

7. Trade and other payables

	2005 £	2004 £
Amounts due to group companies	-	10,384
Other payables	187,617	187,617
	187,617	198,001

The directors consider that the carrying amount of trade payables approximates to their fair value.

8. Share capital

	2005 £	2004 £
Authorised:		
1,361,702,250 ordinary shares of £0.092 each	125,753,104	125,753,104
Allotted and called up:		
1,333,772,715 ordinary shares of £0.092 each	123,173,813	123,173,813
Called up and fully paid:		
1,307,772,715 ordinary shares of £0.092 each	120,772,715	120,772,715
Called up and unpaid:		
26,000,000 ordinary shares of £0.092 each	2,401,098	2,401,098
	123,173,813	123,173,813

9. Retained earnings

	£
Balance at 1 January 2004	13,232,606
Dividends paid	(13,200,000)
Net profit for the year	44,723
Balance at 1 January 2005	77,329
Dividends paid	-
Net profit for the year	-
Balance at 31 December 2005	77,329

10. Related party transactions

Transactions with related parties primarily comprised payment of dividends to the Company's immediate parent company and the settlement of group relief balances.

The following were the balances with related parties as at 31 December 2005 and 31 December 2004.

	2005 £	2004 £
Amounts due from group companies		
Abbey National plc	121,034,113	121,044,497
Amounts due to group companies		
Abbey National plc	-	10,384

There were no related party transactions during the year, or existing at the balance sheet date, with the Company or parent company's key management personnel.

ABBEY NATIONAL BAKER STREET INVESTMENTS

Notes to the financial statements for the year ended 31 December 2005

11. Parent undertaking and controlling party

The Company's immediate parent company is Abbey National Investments Holdings Limited.

The Company's ultimate parent undertaking and controlling party is Banco Santander Central Hispano S.A., a company incorporated in Spain. Banco Santander Central Hispano, S.A. is the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member. Abbey National plc is the parent undertaking of the smallest group of undertakings for which the group accounts are drawn up and of which the Company is a member.

Copies of all sets of group accounts, which include the results of the Company, are available from Abbey Secretariat, Abbey National House, 2 Triton Square, Regent's Place, London, NW1 3AN.