

PRICOA PROPERTY LIMITED

REPORT AND FINANCIAL STATEMENTS

31st December 2003

Registered number 3809476



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OFFICERS AND PROFESSIONAL ADVISORS

Directors

J.M. Austen
D.N. Bradford
R.A. Gilchrist
C. H. Pardoe, II (Non Executive)
R.M. Plummer
J.O. Short

Secretary

J.L. Bagshaw

Registered office

9 Devonshire Square
London
EC2M 4HP

Auditors

PricewaterhouseCoopers LLP
Southwark Towers
32 London Bridge Street
London SE1 9SY

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31st December 2003.

1. PRINCIPAL ACTIVITIES

The company's principal activity is that of an investment holding company.

PRICOA Property PLC was re-registered as a private limited company on 3 March 2004 and its name changed to PRICOA Property Limited.

2. REVIEW OF DEVELOPMENTS

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

	2003 £	2002 £
Income from shares in group undertakings	-	-
Profit/(Loss) on ordinary activities before taxation	-	(15)
Tax on profit/(loss) on ordinary activities	-	-
Profit/(Loss) on ordinary activities after taxation for the period	-	(15)
Dividend Received	400,000	-
Profit/(Loss) on ordinary activities after taxation for the period transferred to reserves	400,000	(15)

3. RESULTS AND DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the year ended 31st December 2003 (2002 Nil). The company's loss for the financial period is nil (2002 loss of £15).

4. GOING CONCERN

After reviewing detailed profit projections and making such further enquiries as they consider appropriate, the directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the accounts.

5. FUTURE PROSPECTS

The directors expect the company to continue to develop during 2004.

6. DIRECTORS AND THEIR INTERESTS

During the period, no director held any beneficial interest in the allotted share capital of the company.

7. DONATIONS

During the year the company made no charitable or political donations.

8. DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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 and loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have been followed.

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 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.

9. CHAIRMAN

Martin Barber resigned as chairman on 31st March 2003.

10. DIRECTORS

The current directors are shown on page 1.

The following changes have occurred since 1 January 2003.

	Date of Appointment	Date of Resignation
D.N. Bradford (director)	26 th March 2003	-
J.L. Bagshaw (secretary)	2 nd March 2003	-
C.F. Lowrey, Jr (director)	-	9 th April 2003
M. Barber (director)	-	31 March 2003
B. Dawreedwood (secretary)	-	2 nd March 2004

10. CREDITOR PAYMENT POLICY

For suppliers, the company's policy is to:-

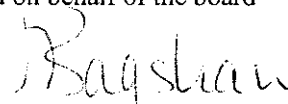
- (a) settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- (b) ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- (c) pay in accordance with its contractual and other obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception. Wherever possible UK subsidiaries follow the same policy. There were no trade creditors at year end (2002: £Nil).

11. AUDITORS

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors.

Approved by the board of directors
and signed on behalf of the board



J.L. Bagshaw
Company Secretary

30th March 2004

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRICOA PROPERTY PLC

We have audited the financial statements on pages 6 to 11 which have been prepared using the accounting policies set out on page 8.

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 accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices board. 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, if in our opinion, the directors' report is not consistent with the financial statement, 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 is not disclosed.

We read the other information contained in the annual report and 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 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 financial statements. It also includes an assessment of the significant estimates and judgements 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 of the state of the company's affairs at 31st December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
and Registered Auditors

30th March 2004

Southwark Towers
32 London Bridge Street
London SE1 9SY

PRICOA PROPERTY LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31st December 2003

	Note	Year Ended 31 December 2003 £	Year Ended 31 December 2002 £
Revenue from continuing operations		-	-
Administrative expenses		-	(15)
Profit/(Loss) on ordinary activities before taxation	2	-	(15)
Income from shares in group undertakings		400,000	-
Tax on profit/(loss) on ordinary activities		-	-
Profit/(Loss) on ordinary activities after taxation for the year transferred to reserves		400,000	(15)

All operations are continuing and are in the UK.

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between profit on ordinary activities after taxation and retained profit for the year as stated above and the historic cost equivalent.

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER FUNDS
For the year ended 31st December 2003

	2003 £	2002 £
Profit/(Loss) for the year	-	(15)
Opening shareholder funds at 1 January 2003	9,754,333	9,754,348
Dividends received	400,000	-
Closing shareholder funds at 31 December 2003	<u>10,154,333</u>	<u>9,754,333</u>

The notes on pages 8 to 11 form part of these financial statements.

PRICOA PROPERTY LIMITED**BALANCE SHEET as at 31st December 2003**

	Note	2003 £	2002 £
Fixed assets			
Investments in subsidiaries	6	9,754,648	9,754,648
		<u>9,754,648</u>	<u>9,754,648</u>
Current assets			
Debtors	7	400,000	400,000
		<u>400,000</u>	<u>400,000</u>
Creditors: amounts falling due within one Year	8	(315)	(400,315)
		<u></u>	<u></u>
Net current assets/(liabilities)		<u>399,685</u>	<u>(315)</u>
Total assets less current liabilities		10,154,333	9,754,333
Net assets		<u>10,154,333</u>	<u>9,754,333</u>
Capital and reserves			
Called up equity share capital	9	4,652,153	4,652,153
Share premium	10	4,914,995	4,914,995
Profit and loss account	11	587,185	187,185
		<u></u>	<u></u>
Equity shareholder funds		<u>10,154,333</u>	<u>9,754,333</u>

The notes on pages 8 to 11 form part of these financial statements.

These financial statements were approved by the directors on 30th March 2004.

Signed on behalf of the Board of directors



J.M. Austen
Director

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31st December 2003

1. ACCOUNTING POLICIES

(a) *Accounting convention*

The financial statements are prepared on the going concern basis, under the historical cost convention as modified by the accounting policies set out below and in accordance with the Companies Act 1985 and applicable accounting standards.

(b) *Consolidation*

Consolidated financial statements are not prepared as the company is a wholly owned subsidiary of PIC Holdings Limited, a company registered in England and Wales. PIC Holdings Limited consolidates the results of this company.

(c) *Cash flow statement*

The company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard No.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.

(d) *Related party transactions*

In accordance with the exemption afforded by Financial Reporting Standard No.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.

(e) *Revenue*

Revenue includes fees received and receivable. All operations are continuing. Where expenses are recoverable from third parties, the recoveries and expenses are not included as income or expenses.

(f) *Pension Costs*

Pension costs in respect of the defined contribution plan operated by the company are charged against the results of the period in which they become payable.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31st December 2003

2. OPERATING LOSS

The auditors' remuneration of £4,000 (2002: £4,000) is borne by PRICOA Property Investment Management Limited.

3. EMPLOYMENT COSTS

The company had no employees during the year.

4. DIRECTORS' EMOLUMENTS

	2003	2002
	£	£
Aggregate:		
Directors' remuneration paid	<u>3,159,576</u>	<u>2,003,949</u>
Long term incentive scheme	<u>-</u>	<u>64,800</u>
Highest paid director:		
Remuneration of the highest paid director excluding pension contributions	1,099,745	536,209
Pension contribution for highest paid director	<u>30,000</u>	<u>30,000</u>

Contributions to the money purchase pension plan on behalf of the highest paid director for 2003 amounted to £30,000 (2002: £30,000). 4 directors had retirement benefits accruing under the money purchase pension plan (2002: 4). The total pension contributions relating to directors for 2003 amounted to £225,722 (2002: £ 249,191).

The emoluments, including pension contributions, of all the directors of the company are paid by PRICOA Property Investment Management Limited which does not make any recharge to the company.

5. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2003	2002
	£	£
Corporation Tax at 30%	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31st December 2003

6. INVESTMENTS IN SUBSIDIARIES

Investment in subsidiary undertakings, represents 100% interests (unless otherwise stated) of £1 ordinary shares in the following principal companies.

	2003 £	2002 £
Subsidiaries at cost:		
Investment – PRICOA Property Investment Management Limited	9,554,648	9,554,648
Investment – PRICOA Property Private Equity Limited	200,000	200,000
Investment – European Property Partners II GP Limited	1	1
	<u>9,754,649</u>	<u>9,754,649</u>

Companies are incorporated and registered in England and Wales unless otherwise stated.

7. DEBTORS

	2003 £	2002 £
Amounts owed by group undertakings.	<u>400,000</u>	<u>400,000</u>
	<u>400,000</u>	<u>400,000</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Amounts owed to group undertakings.	<u>315</u>	<u>400,315</u>
	<u>315</u>	<u>400,315</u>

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

9. CALLED UP EQUITY SHARE CAPITAL

	2003 £	2002 £
Ordinary shares of £1 each		
Authorised	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, issued and partially paid, 25 pence on 50,000 shares	12,500	12,500
Allotted, issued and fully paid	<u>4,639,653</u>	<u>4,639,653</u>
Total	<u>4,652,153</u>	<u>4,652,153</u>

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31st December 2003

10. SHARE PREMIUM ACCOUNT

	2003	2002
	£	£
At 1 st January 2003	4,914,995	4,914,995
At 31 st December 2003	<u>4,914,995</u>	<u>4,914,995</u>

11. PROFIT AND LOSS ACCOUNT

	2003	2002
	£	£
At 1 st January 2002	187,185	187,200
Loss for the year	-	(15)
Dividend Received	<u>400,000</u>	<u>-</u>
At 31 st December 2003	<u>587,185</u>	<u>187,185</u>

12. ULTIMATE PARENT COMPANY

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 PIC Holdings 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.