

**ARLINGTON BUSINESS PARK (READING)
MANAGEMENT LIMITED**

ANNUAL REPORT FOR THE YEAR ENDED

31 DECEMBER 2000



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MANAGEMENT LIMITED**

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ARLINGTON BUSINESS PARK (READING) MANAGEMENT LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the company for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity is the management and maintenance of Arlington Business Park, Reading. No change to the activity of the company is anticipated.

RESULTS AND DIVIDENDS

The result for the year after taxation amounted to £nil (1999: £nil). Details are disclosed on page 4. No dividend is proposed by the Directors (1999: £nil).

DIRECTORS

The following served as Directors during the year:

B S Chater
P Deigman
D M J Duffield
J M Pulsford

None of the Directors who held office at 31 December 2000 held any beneficial interest in the shares of the company at any time during the year.

COMPANY STATUS

The company is not a close company within the meaning of Section 414 of the Income and Corporation Taxes Act 1988.

AUDITORS

A resolution to re-appoint PricewaterhouseCoopers as auditors and authorise the directors to fix their remuneration will be placed before the forthcoming Annual General Meeting of the company.

SHARE CAPITAL

Changes in the company's share capital are detailed in note 7 to the financial statements.

ARLINGTON BUSINESS PARK (READING) MANAGEMENT LIMITED

DIRECTORS' REPORT (Continued)

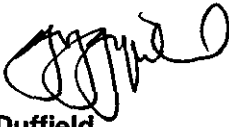
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year that 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. 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 2000 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to 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.

By order of the board



D Duffield
Secretary
30 March 2001

ARLINGTON BUSINESS PARK (READING) MANAGEMENT LIMITED

AUDITORS' REPORT TO THE MEMBERS OF ARLINGTON BUSINESS PARK (READING) MANAGEMENT LIMITED.

We have audited the financial statements on pages 4 to 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the annual report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, 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 31 December 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Pricewaterhouse Coopers
Chartered Accountants and Registered Auditors
Reading

30 March 2001

ARLINGTON BUSINESS PARK (READING) MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	Note	2000 £	1999 £
TURNOVER	2	293,540	343,283
Cost of Sales		(296,567)	(343,778)
		<hr/>	<hr/>
GROSS LOSS		(3,027)	(495)
Administrative expenses		(1,570)	(1,227)
Interest receivable – bank interest		6,594	2,460
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	1,997	738
Taxation	4	(1,997)	(738)
		<hr/>	<hr/>
RESULT FOR THE FINANCIAL YEAR		<hr/> <hr/>	<hr/> <hr/>

All amounts above relate to continuing operations.

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

There is no difference between the profit on ordinary activities before and after taxation for the year stated above, and their historical cost equivalents.

ARLINGTON BUSINESS PARK (READING) MANAGEMENT LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2000

	Note	2000 £	1999 £
CURRENT ASSETS			
Debtors	5	6,840	7,572
Cash at bank and in hand		87,805	82,366
		<hr/>	<hr/>
		94,645	89,938
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	6	(94,544)	(89,854)
		<hr/>	<hr/>
NET ASSETS		101	84
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	7	101	84
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS	8	101	84
		<hr/>	<hr/>

The financial statements were approved by the board of directors on 30 March 2001 and signed on their behalf by:



B S Chater

ARLINGTON BUSINESS PARK (READING) MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

2. TURNOVER

Turnover represents service charges made to the owners/occupiers of Arlington Business Park, Reading.

3. PROFIT ON ORDINARY ACTIVITIES

No director received any emoluments during the year (1999 : £nil). Audit fees were £1,500 (1999: £672).

The company has no employees. All staff requirements are provided by Arlington Business Services Limited and Arlington Property Developments Limited.

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

No provision has been made for corporation tax in the financial statements, save for tax on bank interest received, on the grounds that the company is a mutual trader.

	2000 £	1999 £
United Kingdom corporation tax at 30% (1999: 30%)	1,997	738
	<u> </u>	<u> </u>

5. DEBTORS

Trade debtors	950	6,619
Other debtors	5,817	897
Called up share capital not paid	73	56
	<u> </u>	<u> </u>
	6,840	7,572
	<u> </u>	<u> </u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors	2,505	2,963
Corporation tax	1,991	738
Accruals and deferred income	90,048	86,153
	<u> </u>	<u> </u>
	94,544	89,854
	<u> </u>	<u> </u>

ARLINGTON BUSINESS PARK (READING) MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000 (Continued)

7. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised:		
'A' ordinary shares of £1 each	2	2
'B' ordinary shares of £1 each	998	998
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>
Allotted (see note 5):		
'A' shares: ordinary shares of £1 each	2	2
'B' shares: ordinary shares of £1 each	99	82
	<hr/>	<hr/>
	101	84
	<hr/>	<hr/>

'A' shares are held by Arlington Securities Plc and group companies during the development stage of the business park.

'B' shares are issued to the freeholders in proportion to the acres of the business park they acquire. During the year 17 £1 'B' shares were issued.

'A' and 'B' shareholders have no entitlement to any dividend from the company.

'A' and 'B' shares have equal rights upon winding up of the company.

Until B shares have been allotted in respect of the whole of the park the holder of an 'A' share shall on a poll have that number of votes equal to the number of 'A' Ordinary Shares and 'B' Ordinary Shares in aggregate then in issue for each 'A' Ordinary Share held.

Once 'B' shares have been allotted in respect of the whole of the business park 'B' ordinary shares gain full voting rights and 'A' ordinary shares no longer carry any rights to receive notice of or to attend and vote at any Annual General Meeting of the company.

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
As at 1 January	84	79
Shares issued during the year	17	5
	<hr/>	<hr/>
As at 31 December	101	84
	<hr/>	<hr/>

ARLINGTON BUSINESS PARK (READING) MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000 (Continued)

9. RELATED PARTY DISCLOSURES

Under FRS 8 Related Party Disclosures, Arlington Securities Plc is a related party, by virtue of the fact that it holds 80% of the voting rights, either directly or through other wholly owned subsidiaries. Arlington Business Services Limited, a 100% owned subsidiary of Arlington Securities Plc, provides business park management services to the Management Company, the costs of which were £261,988. Arlington Property Developments Limited, a 100% owned subsidiary of Arlington Securities Plc, provides administrative services to the Management Company, the cost of which were £26,960.

Amounts accrued due to group companies at the balance sheet date were £44,792.

In addition, other group companies, Reading Business Park Partnership, API (No 5) Limited, API (No 6) Limited and API (No 8) Limited are freeholders. They pay a service charge quarterly which totalled £164,495 for the year ended 31 December 2000. There was £950 outstanding with API (No 8) Limited at the balance sheet date.

10. ULTIMATE PARENT COMPANY

Arlington Securities plc, by virtue of the fact it holds 100% of the 'A' shares through two wholly owned subsidiaries is the intermediate holding company.

Copies of the consolidated accounts of the above company are available from Arlington Securities plc, Arlington House, Arlington Business Park, Theale, RG7 4SA.

The ultimate parent company and controlling party is East Flight Limited.