

PARTNERSHIP

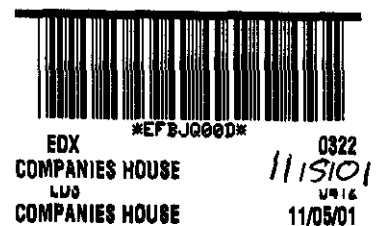
ACCOUNTS

**Marylebone Warwick Balfour Management
Limited**

**Directors' report and financial
statements**

Registered number 2944316

30 June 2000



201

16/05/01

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Directors' report

The directors present their report and the audited financial statements for the year ended 30 June 2000.

Principal activities

The principal activity of the company is the supply of management services to group companies.

Results and dividends

The results for the year ended 30 June 2000 are set out on page 5. The directors do not recommend the payment of a dividend (1999 : £nil).

Directors and directors' interests

The directors who held office during the year were as follows:

RG Balfour-Lynn
JW Harrison
JS Shashou
AF Blurton
J Singh
MA Bibring
B Day
S Leadbetter
R Aspland-Robinson (resigned 10 November 1999)
S Rodwell
J Phillips
WG Broadbent
N Otten
IB Cave (appointed 5 October 1999)

Directors' report *(continued)*

None of the directors had any interest in the share capital of the company. The interests of RG Balfour-Lynn, JW Harrison, JS Shashou, J Singh, MA Bibring and AF Blurton, in the share capital of the ultimate holding company, Marylebone Warwick Balfour Group Plc, are disclosed in the financial statements of that company. S Rodwell and IB Cave had no interest in the share capital of the ultimate holding company. The interests of the other directors are set out below:

	30 June 2000 Ordinary shares	30 June 2000 Shares options	Exercise price p	30 June 1999 Ordinary shares
IB Cave	-	256,410	117.0	5,000
B Day	-	155,555	70.0	-
S Leadbetter	9,067	185,714	70.0	7,400
J Phillips	5,000	142,857	70.0	6,896
W Broadbetter	853,107	192,857	70.0	816,070
N Otten	301,055	246,488	70.0	301,898
	<hr/>	<hr/>		<hr/>
	1,168,229	1,179,881		1,137,264
	<hr/>	<hr/>		<hr/>

During September 2000 Brian Day exercised his options over 155,555 ordinary shares and sold the resultant shares received. In addition, during September 2000, Jeremy Phillips exercised his options over 42,857 ordinary shares and sold the resultant. There have been no other changes since the year end to the date of this report.

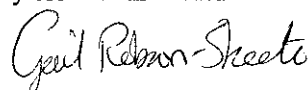
Political and charitable donations

Charitable donations of £8,884 (1999:£3,725) were made during the year.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Gail Robson-Skeete
 Secretary

1 West Garden Place
 Kendal Street
 London W2 2AQ

27th April 2001

Statement of 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 and of the profit or loss 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 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.

The directors are responsible for keeping proper accounting records which 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

8 Salisbury Square
London EC4Y 8BB
United Kingdom

**Report of the auditors to the members of Marylebone Warwick Balfour
Management Limited**

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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 with the company is not disclosed.

Basis of 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 as at 30 June 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

27 April 2001

Profit and loss account
for the year ended 30 June 2000

	<i>Note</i>	2000 £000	1999 £000
Turnover	<i>2</i>	2,312	2,371
Cost of sales		(3)	(4)
		<hr/>	<hr/>
Gross profit		2,309	2,367
Administrative expenses		(7,417)	(2,841)
		<hr/>	<hr/>
Operating loss		(5,108)	(474)
Net interest (payable)/receivable	<i>3</i>	(2,736)	498
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation	<i>4</i>	(7,844)	24
Tax on (loss)/profit on ordinary activities	<i>6</i>	302	108
		<hr/>	<hr/>
Retained (loss)/profit for the year	<i>11</i>	(7,542)	132
		<hr/>	<hr/>

All amounts relate to continuing activities.

There is no difference between losses as stated and losses on the historical cost basis.

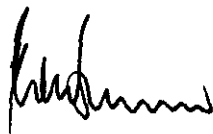
There were no recognised gains or losses other than the loss for the financial year.

Balance sheet
at 30 June 2000

	Note	2000 £000	1999 £000
Fixed assets			
Tangible assets	7	1,138	925
Current assets			
Debtors	8	104,212	36,766
Cash at bank		23,159	1
		<u>127,371</u>	<u>36,767</u>
Creditors: amounts falling due within one year	9	<u>(135,773)</u>	<u>(37,414)</u>
Net current liabilities		<u>(8,402)</u>	<u>(647)</u>
Total assets less current liabilities		<u>(7,264)</u>	<u>278</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	(7,264)	278
Equity shareholders' funds		<u>(7,264)</u>	<u>278</u>

These financial statements were approved by the board of directors on 27th April 2001 and were signed on its behalf by:

AF Blurton
 Director



J Singh
 Director



Reconciliation of movements in shareholders' funds
for the year ended 30 June 2000

	2000 £000	1999 £000
(Loss)/profit for the financial year	(7,542)	132
Opening shareholders' funds	278	146
	<hr/>	<hr/>
Closing shareholders' (deficit)/funds	(7,264)	278
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The company has received an assurance from its ultimate holding company that it will provide such funds as necessary for the company to meet its liabilities as they fall due. For this reason the financial statements have been prepared on the going concern basis.

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

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under FRS 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Marylebone Warwick Balfour Group Plc, it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

Tangible fixed assets

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets on a straight line basis over their estimated useful economic lives over the following periods:

Leasehold improvements	-	the shorter of 50 years and the term of the lease
Fixtures and equipment	-	10% to 25% per annum

Taxation

The charge for taxation is based on the result for the year, which takes account of taxation deferred because of timing differences between the treatment of certain items for taxation purposes and the treatment under the Group's accounting policies.

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences, to the extent that it is probable that liabilities will crystallise.

2 Turnover

The turnover of the company is stated net of value added tax and is derived from supplying management services in the United Kingdom.

Notes (continued)

3 Net interest(payable)/receivable

	2000 £000	1999 £000
Interest receivable and similar income:		
Bank interest	564	110
Non-bank interest	1	-
Interest from group undertakings	2,821	1,728
Interest payable and similar charges:		
On bank loans and overdrafts	-	(3)
Non-bank interest	(7)	-
Interest paid to group undertakings	(6,115)	(1,337)
Net interest (payable)/receivable	<u>(2,736)</u>	<u>498</u>

4 (Loss)/profit on ordinary activities before taxation

	2000 £000	1999 £000
<i>(Loss)/profit on ordinary activities before taxation is stated after charging</i>		
Auditors remuneration - as auditors	57	51
- other services	248	134
Depreciation	383	151
Operating lease payments - land and buildings	246	137
- plant and machinery	13	18
Directors' emoluments (note 5)	<u>3,203</u>	<u>2,321</u>

Notes (continued)

5 Directors and employees

The average number of persons employed by the company (including directors) during the year was as follows:

	Number of employees	
	2000	1999
Staff	55	46

The aggregate payroll costs of these persons were as follows:

	2000 £000	1999 £000
Wages and salaries	5,419	3,403
Social security costs	794	326
Other pension costs	123	54
	<u>6,336</u>	<u>3,783</u>

6 Tax on (loss)/profit on ordinary activities

	2000 £000	1999 £000
UK corporation tax at 30% (1999: 30.75%)	(302)	-
Adjustment in relation to prior years	-	(108)
	<u>(302)</u>	<u>(108)</u>

Notes (continued)

7 Tangible fixed assets

	Leasehold improvements £000	Fixtures and Equipment £000	Total £000
Cost or revaluation			
At beginning of year	882	364	1,246
Additions	544	52	596
	<hr/>	<hr/>	<hr/>
At end of year	1,426	416	1,842
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	102	219	321
Charge for year	285	98	383
	<hr/>	<hr/>	<hr/>
At end of year	387	317	704
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 June 2000	1,039	99	1,138
	<hr/>	<hr/>	<hr/>
At 30 June 1999	780	145	925
	<hr/>	<hr/>	<hr/>

8 Debtors

	2000 £000	1999 £000
Trade debtors	78	356
Amounts owed by group undertakings	102,699	35,858
Amounts owed by related parties (note 13)	490	201
Other debtors	780	166
Prepayments and accrued income	102	112
Corporation tax	63	73
	<hr/>	<hr/>
	104,212	36,766
	<hr/>	<hr/>

Notes (continued)

9 Creditors: amounts falling due within one year

	2000 £000	1999 £000
Bank overdrafts	-	205
Trade creditors	244	204
Amounts owed to group undertakings	130,838	35,947
Amounts owed to related parties (note 13)	282	2
Other taxation and social security	729	272
Other creditors	6	3
Accruals and deferred income	3,674	781
	<hr/>	<hr/>
	135,773	37,414
	<hr/>	<hr/>

10 Called up share capital

	2000 £	1999 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and issued</i>		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

11 Profit and loss account

	2000 £000
At beginning of year	278
Retained loss for the year	(7,542)
	<hr/>
At end of year	(7,264)
	<hr/>

Notes (continued)

12 Commitments and guarantees

Operating leases

Annual payments due on operating leases expiring:

	2000 £000	1999 £000
Between one and two years - land and buildings	-	-
- plant and machinery	-	14
Between two and five years - land and buildings	-	-
- plant and machinery	5	3
After more than five years - land and buildings	286	286
	<hr/>	<hr/>

13 Related party balances

	Notes	2000 £000	1999 £000
Amounts owed by related parties			
MWB Leisure Fund	(i)	490	199
Other balances	(ii)	-	2
		<hr/>	<hr/>
		490	201
		<hr/>	<hr/>
		£000	£000
Amounts owed to related parties (less than one year)			
Other balances	(ii)	282	2
		<hr/>	<hr/>

- (i) The company earns management fees from the MWB Leisure Fund which it manages. During the year £2,227,391 (1999: £2,100,000) of management fees were earned, of which £nil (1999: £nil) was accrued at the year end.
- (ii) Other balances relate principally to sundry timing differences between the receipt and payment of transactions with other related parties.

14 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Marylebone Warwick Balfour Group Plc, which is registered in England and Wales.

The only group in which the results of the company are consolidated is that headed by Marylebone Warwick Balfour Group Plc. The consolidated financial statements are available to the public and may be obtained from the company secretary, City Group Limited, 25 City Road, London EC1Y 1BQ.

THESE PARTNERSHIP
ACCOUNTS FORM
PART OF THE ACCOUNTS
OF COMPANY
No. 2944316

MWB LEISURE FUND II POOL B

Partnership accounts for the year ended

31st December 2000

Registered number LP5856

MWB Leisure Fund II (Pool B)

Reports and Financial Statements

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REPORTS

Introduction

The MWB Leisure Fund II ("the Fund") is a Limited Partnership registered in England under the Limited Partnership Act 1970. The fund was set up on 11th August 1998 to carry on the business of acquiring, developing, managing and holding Commercial Leisure Properties in the United Kingdom.

Statement of the Manager's responsibilities

The Manager, Marylebone Warwick Balfour Management Limited, is responsible for identifying properties which comply with the investment policy, negotiating the terms of purchase, funding transactions, monitoring construction and advising the General Partner on changes in market and investment conditions. The Manager is also responsible for the day to day management of the properties including collection of rent, negotiating new terms with tenants, dealing with landlord's service charge obligations, processing notices and inspecting properties.

Statement of the Operator's responsibilities

The Partnership Agreement dated 11th August 1998 requires that the Operator, Jones Lang LaSalle Corporate Finance Limited procures the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Partnership and of the profit and loss for that period. In preparing those accounts, the Operator is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The Operator is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Partnership. It also has a general responsibility to take such steps as are reasonably open to it, to safeguard the assets of the Partnership and to prevent and detect fraud and other irregularities.

The Operator has ensured that the above requirements have been followed in the operation of the Partnership, and in the preparation of the accounts of the Partnership for the year ended 31st December 2000.

**REPORT OF THE AUDITORS TO
THE PARTNERS OF MWB LEISURE FUND II (Pool B)**

We have audited the financial statements on page 4 to 18.

Respective responsibilities of Operator and Auditors

The Operator is responsible for preparing the Operator's Report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 Partnership Agreement. We also report to you if, in our opinion, the Operator's report is not consistent with the financial statements, if the partnership has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information is specified by law regarding Operator's remuneration and transactions with the partnership is not disclosed.

Basis of opinion

We conducted our audit in accordance with the 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 operators in the preparation of the financial statements, and of whether the accounting policies are appropriate to the partnership 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 partnership's affairs as at 31st December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Partnership Agreement dated 11th August 1998.

KPMG 22, 1.2002

KPMG

Chartered Accountants
Registered Auditors

6. FINANCIAL SUMMARY

MWB LEISURE FUND II POOL B

PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2000

Notes	Year ended 31st December 2000 £'000	Period ended 31st December 1999 £'000
Turnover	1,457	-
Administrative Expenses	(489)	(450)
Profit on ordinary activities before interest	968	(450)
1 Interest receivable and similar income	116	-
2 Interest payable and similar charges	(1,451)	-
Loss on ordinary activities before taxation	(367)	(450)
Taxation	-	-
Loss for the financial period	(367)	(450)
4 Income distributions	-	-
13 Transfer from Limited Partners' income account	(367)	(450)

STATEMENT OF TOTAL GAINS AND LOSSES

For the year ended 31st December 2000

Notes	Year ended 31st December 2000 £'000	Period ended 31st December 1999 £'000
Loss for the financial period	(367)	(450)
12 Revaluation deficit arising in period charged to Limited Partner's revaluation accounts	(2,158)	-
Total recognised loss for the period	(2,525)	(450)

All operations of the Partnership are continuing. There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

MWB LEISURE FUND II POOL B
ALLOCATION OF TOTAL RECOGNISED GAINS
For the year ended 31st December 2000

	Share of Fund %	Allocation of results for the year ended 31st December 2000 £'000
Coal Pension Properties Limited	22.60	(571)
Britel Fund Trustees Limited	20.34	(514)
United Friendly Investment Management Limited	20.34	(514)
Scottish Widows Investment Management Limited	16.95	(428)
Shell Pensions Trust Limited	8.47	(214)
Deutsche Bank AG London	5.65	(142)
Marylebone Warwick Balfour Group Plc	5.65	(142)
	100.00	(2,525)

MWB LEISURE FUND II POOL B
BALANCE SHEET
at 31st December 2000

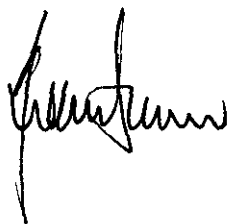
Notes

	31st December 2000 £'000	31st December 1999 £'000
Fixed Assets		
5 Tangible assets	61,194	-
Current assets		
6 Debtors	3,831	-
7 Committed cash	913	-
7 Available cash	-	9
	4,744	9
8 Creditors : amounts falling due within one year	(6,309)	(450)
Net current (liabilities)/assets	(1,565)	(441)
Total assets less current liabilities	59,629	(441)
9 Creditors : amounts falling due after more than one year	(38,345)	-
Net assets	21,284	(441)

Partner's accounts

10 Partner's capital contribution accounts	9	9
11 Limited Partners' loan accounts	24,250	-
12 Limited Partners' revaluation accounts	(2,158)	-
13 Limited Partners' income accounts	(817)	(450)
20	21,284	(441)

These accounts were approved by the General Partner on 18th January 2002, and signed on its behalf by Andrew Blurton



MWB LEISURE FUND II POOL B
CASH FLOW STATEMENT
for the year ended 31st December 2000

Notes

	Year ended 31st December 2000 £'000	Period ended 31st December 1999 £'000
14 Net cash inflow from operating activities	(2,621)	
15 Returns on investments and servicing of finance	(738)	-
16 Capital expenditure and financial investments	(60,040)	-
4 Income distributions paid	-	-
Net cash outflow before financing	(63,399)	
17 Financing	63,390	9
18 Increase in available cash during the period	(9)	9

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
for the Year months ended 31st December 2000

Notes	31st December 2000 £'000	31st December 1999 £'000
18 Increase in available cash during the period	(9)	9
17 Increase in loans during the period	39,140	-
18 Increase in net debt during the period	39,131	9
18 Net debt at 1st January 2000	9	-
18 Net debt at 31st December 2000	39,140	9

MWB LEISURE FUND II POOL B

ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material to the accounts:

Basis of accounting

The accounts have been prepared under the historical cost convention modified by the revaluation of investment properties and in accordance with the MWB Leisure Fund Partnership Agreement dated 11th August 1997 and amended on 11th September 1999. They have also been prepared in accordance with applicable United Kingdom accounting standards, modified by the analysis of cash between committed and available cash.

Cash flow statement

The cash flow statement reconciles movements in cash after deducting committed cash, where committed cash comprises cash set aside to fund trade creditors and interest accrued at the year end which are due for payment shortly thereafter.

Investment properties

Investment properties are included in the balance sheet at their open market value at the balance sheet date, on the basis of an annual valuation. Aggregate surpluses or deficits arising on valuation are transferred to a revaluation reserve. Permanent diminutions in the value of investment properties to below their carrying values are charged directly to the profit and the loss account. Additions include only costs of a capital nature. Interest and other related costs are treated as revenue expenditure and written off as incurred.

In accordance with Statement of Standard Accounting Practice 19, depreciation and amortisation is not provided in respect of freehold investment properties. Leasehold investment properties are not depreciated where the unexpired term is over twenty years. However, these properties are not held for consumption but for investment and the General Partner considers that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the factors reflected in the annual valuation, and the amount which might otherwise have been shown cannot be separately identified or quantified.

Developments in progress

Developments in progress are valued at the lower of cost and net realisable value. Completed developments held for their investment potential are transferred at cost to fixed assets and treated as investment properties.

Loan issue costs

In accordance with FRS4, issue costs incurred in obtaining loan finance are accounted for as a reduction in the amount of the liability. This reduction is amortised through the profit and loss account on a straight line basis over the length of the loan.

MWB LEISURE FUND II POOL B ACCOUNTING POLICIES

Turnover

Turnover represents net rental income receivable by the Partnership from third parties during the period, excluding value added tax.

Taxation

The Partnership is not a taxable entity and accordingly no provision is made in these accounts for taxation.

MWB LEISURE FUND II POOL B
NOTES TO THE ACCOUNTS
1. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31st December 2000	Period to 31st December 1999
	£'000	£'000
Interest receivable on bank deposits	<u>116</u>	<u>-</u>

2. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31st December 2000	Period to 31st December 1999
	£'000	£'000
Bank interest on loans repayable between one and five year	(1,382)	-
Bank charges and debt issue costs	(69)	-
	<u>(1,451)</u>	<u>-</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 31st December 2000	Period to 31st December 1999
	£'000	£'000
The profit on ordinary activities before taxation, and where appropriate the acquisition cost of the Partnership's freehold and long leasehold properties, are stated after charging:		

Management fees in accordance with the Partnership agreement:

Marylebone Warwick Balfour Management Limited	301	63
Jones Lang LaSalle Corporate Finance	66	16
Audit fee	<u>20</u>	<u>-</u>

**MWB LEISURE FUND II POOL B
NOTES TO THE ACCOUNTS**
4. INCOME DISTRIBUTIONS

	Year ended 31st December 2000 £'000	Period to 31st December 1999 £'000
There have been no income distributions since formation		
	<u>-</u>	<u>-</u>

5. TANGIBLE FIXED ASSETS

	Investment properties Freehold properties £'000	Long leasehold properties £'000	Total £'000
Cost or valuation			
At 1st January 2000	-	-	-
Additions	28,876	34,476	63,352
Valuation deficit	(171)	(1,987)	(2,158)
At 31st December 2000	<u>28,705</u>	<u>32,489</u>	<u>61,194</u>

MWB LEISURE FUND II POOL B

NOTES TO THE ACCOUNTS

5. TANGIBLE FIXED ASSETS (continued)

All tangible fixed assets of the Group are located within the United Kingdom.

In accordance with the Fund's accounting policy, the Fund's freehold and long leasehold investment properties totalling £ 61,194,000 are not depreciated.

	Cost or valuation at 31st December 1999 £'000	Additions in year to 31st December 2000 £'000	Deficit in year to 31st December 2000 £'000	Cost or valuation at 31st December 2000 £'000
Eureka, Ashford Phase I	-	10,655	-	10,655
West India Quay	-	18,221	(171)	18,050
Fiveways, Birmingham	-	34,476	(1,987)	32,489
	-	63,352	(2,158)	61,194

6. DEBTORS

	31st December 2000 £'000	31st December 1999 £'000
Trade debtors	1,043	-
Amounts due from related parties	1	-
Amounts due from Leisure Parks (General Partner II) Ltd	2,079	-
Other debtors	178	-
Prepayments and Accrued Income	530	-
	3,831	-

MWB LEISURE FUND II POOL B

NOTES TO THE ACCOUNTS

7. CASH

	31st December 2000 £'000	31st December 1999 £'000
<u>Committed cash</u>		
Loan repayments and interest due	-	-
For Completion of property purchase	913	-
	<u>913</u>	<u>-</u>
<u>Available cash</u>	<u>-</u>	<u>9</u>

8. CREDITORS : amounts falling due within one year

	31st December 2000 £'000	31st December 1999 £'000
Trade creditors	369	-
Amounts due to Marylebone Warwick Balfour Management Ltd	3	-
Forward commitments to purchase properties		
West India Quay (50% interest)	3,312	-
Other creditors		
- Other creditors	923	-
VAT Social Security & PAYE	51	-
Accruals	891	450
Deferred income	760	-
	<u>6,309</u>	<u>450</u>

MWB LEISURE FUND II POOL B **NOTES TO THE ACCOUNTS**

9. CREDITORS: amounts falling due after more than one year

	31st December 2000 £'000	31st December 1999 £'000
Bank loans (secured)	39,140	-
Less issue costs	(795)	-
	<u>38,345</u>	<u>-</u>
Summary of total loans	£'000	£'000
Repayable:		
Within one year or on demand	-	-
Between one and two years	-	-
Between two and five years	39,140	-
Total loans	<u>39,140</u>	<u>-</u>

At 31st December 2000, the Partnership had bank loans due for repayment as follows:

<i>Property</i>	<i>Term of facility</i>	<i>Interest rate</i>	<i>Due within one year £,000's</i>	<i>Due after more than one year £,000's</i>
Eureka, Ashford	February 2005	7.97% fixed	-	7,014
West India Quay	August 2005	8.27% fixed	-	9,801
Fiveways, Birmingham	August 2005	7.33 % fixed	-	22,325
			<u>-</u>	<u>39,140</u>

MWB LEISURE FUND II POOL B

NOTES TO THE ACCOUNTS

10. PARTNERS' CAPITAL CONTRIBUTION ACCOUNTS

	31st December 2000 £'000	31st December 1999 £'000
Capital introduced 11th September 1999	<u>9</u>	<u>9</u>

Capital contributions are the amounts specified in Schedule 1 of the Limited Partnership Agreement in respect of Limited Partners, together with the capital contribution of the General Partner as specified in Section 2.2 of the Limited Partnership Agreement.

11. LIMITED PARTNERS' LOAN ACCOUNTS

	31st December 2000 £'000	31st December 1999 £'000
Balance at 1st January 2000	-	-
Loans drawn	24,250	-
At 31st December 2000	<u>24,250</u>	<u>-</u>

Limited Partners' loan accounts are the amounts drawn at 31st December 2000 from the Loan Commitments specified in Schedule 1 of the Limited Partnership Agreement.

12. LIMITED PARTNERS' REVALUATION ACCOUNTS

	31st December 2000 £'000	31st December 1999 £'000
At 1st January 2000	-	-
Revaluation deficit arising during the period	(2,158)	-
At 31st December 2000	<u>(2,158)</u>	<u>-</u>

MWB LEISURE FUND II POOL B
NOTES TO THE ACCOUNTS
13. LIMITED PARTNERS' INCOME ACCOUNTS

	31st December 2000 £'000	31st December 1999 £'000
At 1st January 2000	(450)	-
Transfer from/(to) the profit and loss account	(367)	(450)
At 31st December 2000	<u>(817)</u>	<u>(450)</u>

14. NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year ended 31st December 2000 £'000	Period ended 31st December 1999 £'000
Profit on ordinary activities before interest	968	(450)
Amortisation of Loan Arrangement costs	69	-
Decrease/(increase) in debtors and committed cash	(5,540)	-
Increase/(decrease) in creditors	1,882	450
	<u>(2,621)</u>	<u>-</u>

15. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Year ended 31st December 2000 £'000	Period ended 31st December 1999 £'000
Interest and other income received	116	-
Interest paid	(854)	-
	<u>(738)</u>	<u>-</u>

MWB LEISURE FUND II POOL B **NOTES TO THE ACCOUNTS**

16. CAPITAL EXPENDITURE

	Year ended 31st December 2000 £'000	Period ended 31st December 1999 £'000
Purchase of investment properties	<u>60,040</u>	<u>-</u>

17 FINANCING

	Year ended 31st December 2000 £'000	Period ended 31st December 1999 £'000
Limited Partners' Loan Accounts	24,250	-
Bank loans	<u>39,140</u>	<u>-</u>
	<u>63,390</u>	<u>-</u>

18. ANALYSIS OF CHANGES IN NET DEBT

	31st December 2000 £'000	Movement during period £'000	31st December 1999 £'000	Movement during year £'000	10th September Opening Balance £'000
Available cash	-	(9)	9	9	-
Bank loans due within one year	-	-	-	-	-
Bank loans due after more than one year	<u>39,140</u>	<u>39,140</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net debt	<u>39,140</u>	<u>39,131</u>	<u>9</u>	<u>9</u>	<u>-</u>

MWB LEISURE FUND II POOL B

NOTES TO THE ACCOUNTS

19. RELATED PARTY TRANSACTIONS

Management fees payable to Marylebone Warwick Balfour Management Limited and to Jones Lang LaSalle Corporate Finance Limited are set out in note 3.

At 31st December 2000, a balance of £2,078,529 was due from Leisure Park (General Partner II) Limited representing cash held on behalf of the fund by the General Partner and VAT due back from HM Customs. This is set out in debtors in note 6.

20. NET ASSET VALUE OF LIMITED PARTNERS

The net asset value of each Limited Partner's interest in the Fund, being the aggregate of the Capital Contributions and Loan Commitments made by each Limited Partner, expressed as a percentage of the total Capital Contributions, Loan Commitments, Revaluation Accounts and Income Accounts of the Fund, is as follows:

	Total Capital and Loan Commitment	Loan Commitment drawn at 31st December 2000	Share of Fund %	31st December 2000	31st December 1999
	£'000	£'000		£'000	£'000
Coal Pension Properties Limited	20,000	5,482	22.60%	4,810	(100)
Britel Fund Trustees Limited	18,000	4,932	20.34%	4,329	(90)
United Friendly Insurance Plc	18,000	4,932	20.34%	4,329	(90)
Scottish Widows Investment Management Ltd	15,000	4,110	16.95%	3,607	(75)
Shell Pensions Trust	7,500	2,054	8.47%	1,803	(36)
Deutsche Bank AG London	5,000	1,370	5.65%	1,203	(25)
Marylebone Warwick Balfour Group Plc	5,000	1,370	5.65%	1,203	(25)
	<u>88,500</u>	<u>24,250</u>	<u>100.00%</u>	<u>21,284</u>	<u>(441)</u>

2944316

THESE PARTNERSHIP
ACCOUNTS FORM
PART OF THE ACCOUNTS
OF COMPANY
No. 2944316

MWB LEISURE FUND II POOL A

Partnership accounts for the year ended

31st December 2000

Registered number LP5856

MWB Leisure Fund II (Pool A)

Reports and Financial Statements

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Statements of the Manager's and Operator's responsibilities	2
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REPORTS

Introduction

The MWB Leisure Fund II ("the Fund") is a Limited Partnership registered in England under the Limited Partnership Act 1970. The fund was set up on 11th August 1998 to carry on the business of acquiring, developing, managing and holding Commercial Leisure Properties in the United Kingdom.

Statement of the Manager's responsibilities

The Manager, Marylebone Warwick Balfour Management Limited, is responsible for identifying properties which comply with the investment policy, negotiating the terms of purchase, funding transactions, monitoring construction and advising the General Partner on changes in market and investment conditions. The Manager is also responsible for the day to day management of the properties including collection of rent, negotiating new terms with tenants, dealing with landlord's service charge obligations, processing notices and inspecting properties.

Statement of the Operator's responsibilities

The Partnership Agreement dated 11th August 1998 requires that the Operator, Jones Lang LaSalle Corporate Finance Limited procures the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Partnership and of the profit and loss for that period. In preparing those accounts, the Operator is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The Operator is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Partnership. It also has a general responsibility to take such steps as are reasonably open to it, to safeguard the assets of the Partnership and to prevent and detect fraud and other irregularities.

The Operator has ensured that the above requirements have been followed in the operation of the Partnership, and in the preparation of the accounts of the Partnership for the year ended 31st December 2000.

**REPORT OF THE AUDITORS TO
THE PARTNERS OF MWB LEISURE FUND II (Pool A)**

We have audited the financial statements on page 4 to 18.

Respective responsibilities of Operator and Auditors

The Operator is responsible for preparing the Operator's Report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 Partnership Agreement. We also report to you if, in our opinion, the Operator's report is not consistent with the financial statements, if the partnership has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information is specified by law regarding Operator's remuneration and transactions with the partnership is not disclosed.

Basis of opinion

We conducted our audit in accordance with the 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 operators in the preparation of the financial statements, and of whether the accounting policies are appropriate to the partnership 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 partnership's affairs as at 31st December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Partnership Agreement dated 11th August 1998.

KPMG 22.1.2002

KPMG

Chartered Accountants
Registered Auditors

6. FINANCIAL SUMMARY**MWB LEISURE FUND II POOL A****PROFIT AND LOSS ACCOUNT****For the year ended 31st December 2000**

Notes	Year ended 31st December 2000 £'000	Year ended 31st December 1999 £'000
Turnover	6,243	4,382
Administrative Expenses	(906)	(1,163)
Profit on ordinary activities before interest	5,337	3,219
1 Interest receivable and similar income	56	102
2 Interest payable and similar charges	(5,725)	(3,256)
Loss on ordinary activities before taxation	(332)	65
Taxation	-	-
Loss for the financial period	(332)	65
4 Income distributions	-	-
13 Transfer to/(from) Limited Partners' income account	(332)	65

STATEMENT OF TOTAL GAINS AND LOSSES**For the year ended 31st December 2000**

Notes	Year ended 31st December 2000 £'000	Year ended 31st December 1999 £'000
Loss for the financial period	(332)	65
12 Revaluation surplus arising in period credited to Limited Partner's revaluation accounts	5,450	3,571
Total recognised gains for the period	5,118	3,636

All operations of the Partnership are continuing. There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

MWB LEISURE FUND II POOL A
ALLOCATION OF TOTAL RECOGNISED GAINS
For the year ended 31st December 2000

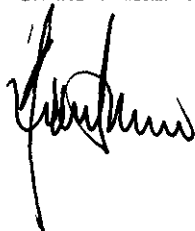
	Share of Fund %	Allocation of results for the year ended 31st December 2000 £'000
Britel Fund Trustees Limited	20.57	1,053
Scottish Widows Investment Management Limited	17.14	877
United Friendly Insurance Plc	17.14	877
Coal Pension Properties Limited	17.14	877
Shell Pensions Trust Limited	8.57	439
Sun Life Assurance Company of Canada	8.00	409
Deutsche Bank AG London	5.72	293
Marylebone Warwick Balfour Group Plc	5.72	293
	100.00	5,118

MWB LEISURE FUND II POOL A
BALANCE SHEET
at 31st December 2000

Notes

	31st December 2000 £'000	31st December 1999 £'000
Fixed Assets		
5 Tangible assets	218,991	148,754
Current assets		
6 Debtors	2,185	3,638
7 Committed cash	2,145	917
7 Available cash	971	554
	5,301	5,109
8 Creditors : amounts falling due within one year	(45,560)	(37,890)
Net current liabilities	(40,259)	(32,781)
Total assets less current liabilities	178,732	115,973
9 Creditors : amounts falling due after more than one year	(100,620)	(65,881)
Net assets	78,112	50,092
Partner's accounts		
10 Partner's capital contribution accounts	9	9
11 Limited Partners' loan accounts	69,824	46,922
12 Limited Partners' revaluation accounts	9,361	3,911
13 Limited Partners' income accounts	(1,082)	(750)
20	78,112	50,092

These accounts were approved by the General Partner on 18th January 2002, and signed on its behalf by Andrew Blurton



MWB LEISURE FUND II POOL A
CASH FLOW STATEMENT
for the year ended 31st December 2000

Notes

	Year ended 31st December 2000 £'000	Year ended 31st December 1999 £'000
14 Net cash inflow from operating activities	5,966	20,585
15 Returns on investments and servicing of finance	(4,002)	(2,865)
16 Capital expenditure and financial investments	(45,839)	(126,683)
4 Income distributions paid	-	-
Net cash outflow before financing	(43,875)	(108,963)
17 Financing	44,293	109,037
18 Increase in available cash during the period	418	74

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
for the year ended 31st December 2000

Notes	31st December 2000 £'000	31st December 1999 £'000
18 Increase in available cash during the period	418	74
17 Increase in loans during the period	(21,393)	(88,435)
18 Increase in net debt during the period	(20,975)	(88,361)
18 Net debt at 1st January 2000	(101,062)	(12,701)
18 Net debt at 31st December 2000	(122,037)	(101,062)

MWB LEISURE FUND II POOL A

ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material to the accounts:

Basis of accounting

The accounts have been prepared under the historical cost convention modified by the revaluation of investment properties and in accordance with the MWB Leisure Fund Partnership Agreement dated 11th August 1997. They have also been prepared in accordance with applicable United Kingdom accounting standards, modified by the analysis of cash between committed and available cash.

Cash flow statement

The cash flow statement reconciles movements in cash after deducting committed cash, where committed cash comprises cash set aside to fund trade creditors and interest accrued at the year end which are due for payment shortly thereafter.

Investment properties

Investment properties are included in the balance sheet at their open market value at the balance sheet date, on the basis of an annual valuation. Aggregate surpluses or deficits arising on valuation are transferred to a revaluation reserve. Permanent diminutions in the value of investment properties to below their carrying values are charged directly to the profit and the loss account. Additions include only costs of a capital nature. Interest and other related costs are treated as revenue expenditure and written off as incurred.

In accordance with Statement of Standard Accounting Practice 19, depreciation and amortisation is not provided in respect of freehold investment properties. Leasehold investment properties are not depreciated where the unexpired term is over twenty years. However, these properties are not held for consumption but for investment and the General Partner considers that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the factors reflected in the annual valuation, and the amount which might otherwise have been shown cannot be separately identified or quantified.

Developments in progress

Developments in progress are valued at the lower of cost and net realisable value. Completed developments held for their investment potential are transferred at cost to fixed assets and treated as investment properties.

Loan issue costs

In accordance with FRS4, issue costs incurred in obtaining loan finance are accounted for as a reduction in the amount of the liability. This reduction is amortised through the profit and loss account on a straight line basis over the length of the loan.

MWB LEISURE FUND II POOL A

Turnover

Turnover represents net rental income receivable by the Partnership from third parties during the period, excluding value added tax.

Taxation

The Partnership is not a taxable entity and accordingly no provision is made in these accounts for taxation.

MWB LEISURE FUND II POOL A

NOTES TO THE ACCOUNTS

1. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31st December 2000	Year ended 31st December 1999
	£'000	£'000
Interest receivable on bank deposits	<u>56</u>	<u>102</u>

2. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31st December 2000	Year ended 31st December 1999
	£'000	£'000
Bank interest on loans repayable between one and five years	(5,484)	3,175
Bank charges and debt issue costs	<u>(241)</u>	<u>81</u>
	<u>(5,725)</u>	<u>3,256</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 31st December 2000	Year ended 31st December 1999
	£'000	£'000

The profit on ordinary activities before taxation, and where appropriate the acquisition cost of the Partnership's freehold and long leasehold properties, are stated after charging:

Management fees in accordance with the Partnership agreement:

Marylebone Warwick Balfour Management Limited	682	424
Jones Lang LaSalle Corporate Finance	38	66
Audit fee	<u>22</u>	<u>20</u>

**MWB LEISURE FUND II POOL A
NOTES TO THE ACCOUNTS****4. INCOME DISTRIBUTIONS**

There have been no income distributions since formation.

5. TANGIBLE FIXED ASSETS

	Investment properties		Total
	Freehold	Long leasehold	
	properties £'000	properties £'000	£'000
Cost or valuation			
At 1st January 2000	64,881	83,873	148,754
Additions in the period	64,787	-	64,787
Valuation surplus in the period	4,000	1,450	5,450
At 31st December 2000	<u>133,668</u>	<u>85,323</u>	<u>218,991</u>

MWB LEISURE FUND II POOL A

NOTES TO THE ACCOUNTS

5. TANGIBLE FIXED ASSETS (continued)

All tangible fixed assets of the Group are located within the United Kingdom.

In accordance with the Fund's accounting policy, the Fund's freehold and long leasehold investment properties totalling £218,991,000 (1999: £148,754,000) are not depreciated.

Details of the Funds' properties included above at valuation are as follows:-

	Cost	Surplus 8th September 1998 to 31st December 1999	Cost or Valuation at 31st December 1999	Additions in year to 31st December 2000	Surplus in year to 31st December 2000	Cost or valuation at 31st December 2000
	£'000	£'000	£'000	£'000	£'000	£'000
O2 Finchley Road	61,802	3,071	64,873	-	1,050	65,923
North Finchley	18,160	840	19,000	-	400	19,400
Birmingham	45,715	-	45,715	30,285	4,000	80,000
Manchester	18,910	-	18,910	12,005	-	30,915
Norwich	256	-	256	22,497	-	22,753
	<u>144,843</u>	<u>3,911</u>	<u>148,754</u>	<u>64,787</u>	<u>5,450</u>	<u>218,991</u>

6. DEBTORS

	31st December 2000 £'000	31st December 1999 £'000
Trade debtors	1,520	594
Amounts due from related parties	-	2,652
Amounts due from HM Customs and Excise	107	-
Other debtors	535	42
Prepayments and Accrued Income	23	350
	<u>2,185</u>	<u>3,638</u>

MWB LEISURE FUND II POOL A

NOTES TO THE ACCOUNTS

7. CASH

	31st December 2000 £'000	31st December 1999 £'000
<u>Committed cash</u>		
Loan repayments and interest due	2,140	917
Service charge floats and O2 retention accounts	5	-
	<u>2,145</u>	<u>917</u>
<u>Available cash</u>	<u>971</u>	<u>554</u>

8. CREDITORS : amounts falling due within one year

	31st December 2000 £'000	31st December 1999 £'000
Current portions of bank loans	21,416	34,504
Trade creditors	618	151
Other creditors	716	-
Amounts due to related parties	-	86
Amounts due to Marylebone Warwick Balfour Management Ltd	149	-
Amounts due to Leisure Park (General Partner II) Ltd	146	-
Forward commitments to purchase properties		
Norwich, Riverside, Phase I Unit 7	587	-
Birmingham, Star City	18,047	-
Other creditors		
VAT Social Security & PAYE	-	171
Accruals	1,874	1,775
Deferred income	2,007	1,203
	<u>45,560</u>	<u>37,890</u>

MWB LEISURE FUND II POOL A

NOTES TO THE ACCOUNTS

9. CREDITORS: amounts falling due after more than one year

	31st December 2000 £'000	31st December 1999 £'000
Bank loans (secured)	101,593	67,112
Less issue costs	(973)	(1,231)
	<u>100,620</u>	<u>65,881</u>
Summary of total loans		
	£'000	£'000
Repayable:		
Within one year or on demand	21,416	34,504
Between one and two years	-	10,891
Between two and five years	101,593	56,221
Total loans	<u>123,009</u>	<u>101,616</u>

At 31st December 2000, the Partnership had bank loans due for repayment as follows:

Property	Term of facility	Interest rate	Due within one year £,000's	more than one year £,000's
Parrs Wood	March 2001	6.74% Collar	21,416	-
Star City	August 2005	6.74% Collar	-	30,690
North Finchley	August 2005	6.74% Collar	-	13,221
O2 Limited Partnership	August 2005	6.54% Fixed	-	43,000
Norwich	March 2005	6.73% Fixed	-	14,682
			<u>21,416</u>	<u>101,593</u>

Parrs Wood, Star City and North Finchley have a capped interest rate of 6.85% and a floor rate of 5.30%

MWB LEISURE FUND II POOL A

NOTES TO THE ACCOUNTS

10. PARTNERS' CAPITAL CONTRIBUTION ACCOUNTS

	31st December 2000 £'000	31st December 1999 £'000
Capital introduced 11th August 1997	<u>9</u>	<u>9</u>

Capital contributions are the amounts specified in Schedule 1 of the Limited Partnership Agreement in respect of Limited Partners, together with the capital contribution of the General Partner as specified in Section 2.2 of the Limited Partnership Agreement.

11. LIMITED PARTNERS' LOAN ACCOUNTS

	31st December 2000 £'000	31st December 1999 £'000
Balance at 1st January 2000	46,924	26,320
Loans drawn	22,900	20,604
At 31st December 2000	<u>69,824</u>	<u>46,924</u>

Limited Partners' loan accounts are the amounts drawn at 31st December 2000 from the Loan Commitments specified in Schedule 1 of the Limited Partnership Agreement.

12. LIMITED PARTNERS' REVALUATION ACCOUNTS

	31st December 2000 £'000	31st December 1999 £'000
At 1st January 2000	3,911	340
Revaluation surplus arising during the period	5,450	3,571
At 31st December 2000	<u>9,361</u>	<u>3,911</u>

MWB LEISURE FUND II POOL A

NOTES TO THE ACCOUNTS

13. LIMITED PARTNERS' INCOME ACCOUNTS

	31st December 2000 £'000	31st December 1999 £'000
At 1st January 2000	(750)	(815)
Transfer from/(to) the profit and loss account	(332)	65
At 31st December 2000	<u>(1,082)</u>	<u>(750)</u>

14. NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year ended 31st December 2000 £'000	Year ended 31st December 1999 £'000
Profit on ordinary activities before interest	5,337	3,219
Decrease/(increase) in debtors and committed cash	463	16,910
Increase/(decrease) in creditors	166	456
	<u>5,966</u>	<u>20,585</u>

15. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Year ended 31st December 2000 £'000	Year ended 31st December 1999 £'000
Interest and other income received	56	102
Interest paid	(4,058)	(2,967)
	<u>(4,002)</u>	<u>(2,865)</u>

MWB LEISURE FUND II POOL A

NOTES TO THE ACCOUNTS

16. CAPITAL EXPENDITURE

	Year ended 31st December 2000 £'000	Year ended 31st December 1999 £'000
Purchase of investment properties	<u>45,839</u>	<u>126,683</u>

17 FINANCING

	Year ended 31st December 2000 £'000	Year ended 31st December 1999 £'000
Limited Partners' Loan Accounts	22,900	20,604
Bank loans	<u>21,393</u>	<u>88,433</u>
	<u>44,293</u>	<u>109,037</u>

18. ANALYSIS OF CHANGES IN NET DEBT

	31st December 2000 £'000	Movement during period £'000	31st December 1999 £'000	Movement during year £'000	10th August 1999 £'000
Available cash	971	417	554	74	480
Bank loans due within one year	(21,416)	13,088	(34,504)	(34,504)	-
Bank loans due after more than one year	<u>(101,593)</u>	<u>(34,481)</u>	<u>(67,112)</u>	<u>(53,931)</u>	<u>(13,181)</u>
Net debt	<u>(122,037)</u>	<u>(20,975)</u>	<u>(101,062)</u>	<u>(88,361)</u>	<u>(12,701)</u>

MWB LEISURE FUND II POOL A

NOTES TO THE ACCOUNTS

19. RELATED PARTY TRANSACTIONS

Management fees payable to Marylebone Warwick Balfour Management Limited and to Jones Lang LaSalle Corporate Finance Limited are set out in note 3.

At 31st December 2000, a balance of £ 149,000 was due to Marylebone Warwick Balfour Management Limited in respect of fees and recharged costs.

A balance of £ 146,000 was due to Leisure Park (General Partner II) Ltd in respect of VAT due to H M Customs & Excise and included in the General Partners VAT return. These balances are set out in Creditors in Note 8.

20. NET ASSET VALUE OF LIMITED PARTNERS

The net asset value of each Limited Partner's interest in the Fund, being the aggregate of the Capital Contributions and Loan Commitments made by each Limited Partner, expressed as a percentage of the total Capital Contributions, Loan Commitments, Revaluation Accounts and Income Accounts of the Fund, is as follows:

	Total Capital and Loan Commitment	Commitment drawn at 31st December 2000	Share of Fund %	31st December 2000	31st December 1999
	£'000	£'000		£'000	£'000
Britel Fund Trustees Limited	18,000	14,632	20.57	16,069	10,304
Coal Pension Properties Limited	15,000	11,968	17.14	13,388	8,586
Scottish Widows Investment Management Ltd	15,000	11,968	17.14	13,388	8,586
United Friendly Insurance Plc	15,000	11,968	17.14	13,388	8,586
Shell Pensions Trust	7,500	5,984	8.57	6,694	4,293
Sun Life Assurance Company of Canada	7,000	5,586	8.00	6,249	4,007
Deutsche Bank AG London	5,000	3,994	5.72	4,468	2,865
Marylebone Warwick Balfour Group Plc	5,000	3,994	5.72	4,468	2,865
	<u>87,500</u>	<u>69,824</u>	<u>100.00</u>	<u>78,112</u>	<u>50,092</u>

Under the terms of the Partnership Agreement, the Carried Interest Partners are entitled to a Carried Interest in the results of the Fund as a performance incentive. Limited Partners will receive distributions equivalent to their original Commitments, together with an IRR of 12% per annum over the life of the Fund, before the Carried Interest becomes due. Thereafter, the Carried Interest Partners will be entitled to 25% of any excess distributions when the IRR of the Fund is between 12% and 20%. If the Fund achieves an IRR in excess of 20%, the Carried Interest Partners will be entitled to 35% of any such excess distributions. Any payment to the Carried Interest Partners will be calculated by reference to the IRR achieved over the entire life of the Fund and will only be made after realisation of Limited Partners' interests in the Fund.

THESE PARTNERSHIP
ACCOUNTS FORM
PART OF THE ACCOUNTS
OF COMPANY
No. 29/4/316

MWB Leisure Fund I

Partnership accounts for the Year ended

31st December 2000

Registered number LP5172

MWB Leisure Fund I

Reports and Financial Statements

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REPORTS

Introduction

The MWB Leisure Fund I ("the Fund") is a Limited Partnership registered in England under the Limited Partnership Act 1970. The fund was set up on 8th August 1996 to carry on the business of acquiring, developing, managing and holding Commercial Leisure Properties in the United Kingdom.

Statement of the Manager's responsibilities

The Manager, Marylebone Warwick Balfour Management Limited, is responsible for identifying properties which comply with the investment policy, negotiating the terms of purchase, funding transactions, monitoring construction and advising the General Partner on changes in market and investment conditions. The Manager is also responsible for the day to day management of the properties including collection of rent, negotiating new terms with tenants, dealing with landlord's service charge obligations, processing notices and inspecting properties.

Statement of the Operator's responsibilities

The Partnership Agreement dated 8th August 1996 requires that the Operator, Jones Lang LaSalle Corporate Finance Limited procures the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Partnership and of the profit and loss for that period. In preparing those accounts, the Operator is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The Operator is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Partnership. It also has a general responsibility to take such steps as are reasonably open to it, to safeguard the assets of the Partnership and to prevent and detect fraud and other irregularities.

The Operator has ensured that the above requirements have been followed in the operation of the Partnership, and in the preparation of the accounts of the Partnership for the year ended 31st December 2000.

REPORT OF THE AUDITORS TO THE PARTNERS OF MWB LEISURE FUND I

We have audited the financial statements on page 4 to 19.

Respective responsibilities of Operator and Auditors

The Operator is responsible for preparing the Operator's Report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 Partnership Agreement. We also report to you if, in our opinion, the Operator's report is not consistent with the financial statements, if the partnership has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information is specified by law regarding Operator's remuneration and transactions with the partnership is not disclosed.

Basis of opinion

We conducted our audit in accordance with the 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 operators in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company 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 Partnership's affairs as at 31st December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Partnership Agreement dated 8th August 1996.

KPMG

22/1/2002

KPMG

Chartered Accountants
Registered Auditors

6 FINANCIAL SUMMARY

MWB LEISURE FUND I

PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2000

Notes	Year ended 31st December 2000 £'000	Year ended 31st December 1999 £'000
Turnover	7,009	7,058
Administrative Expenses	(1,082)	(950)
Profit on ordinary activities before interest	5,927	6,108
1 Interest receivable and similar income	30	60
2 Interest payable and similar charges	(4,794)	(4,841)
3 Profit on ordinary activities before taxation	1,163	1,327
Taxation	-	-
Profit for the financial period	1,163	1,327
4 Income distributions	(317)	(1,389)
13 Transfer to/(from) Limited Partners' income account	846	(62)

STATEMENT OF TOTAL GAINS AND LOSSES

For the year ended 31st December 2000

Notes	Year ended 31st December 2000 £'000	Year ended 31st December 1999 £'000
Profit for the financial period	1,163	1,327
12 Revaluation surplus arising in period credited to Limited Partner's revaluation accounts	109	4,165
Total recognised gains for the period	1,272	5,492

All operations of Partnership are continuing. There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

MWB LEISURE FUND I
ALLOCATION OF TOTAL RECOGNISED GAINS
For the year ended 31st December 2000

	Share of Fund %	Allocation of results for the year ended 31st December 2000 £'000
Scottish Widows Fund and Life Assurance Society	35.96	459
Clerical Medical Investment Group Limited	16.91	215
Milltip Limited – Deutsche Bank AG London	11.28	143
Norwich Union Life & Pensions Limited	11.28	143
Sun Life Assurance Company of Canada	11.28	143
Marylebone Warwick Balfour Group Plc	13.29	169
	100.00	1,272

MWB LEISURE FUND I
BALANCE SHEET
at 31st December 2000

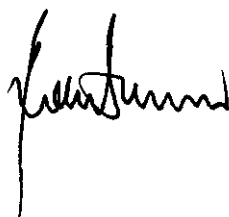
Notes

	31st December 2000 £'000	31st December 1999 £'000
Fixed Assets		
5 Tangible assets	144,500	147,100
Current assets		
6 Debtors	2,135	1,771
7 Committed cash	2,240	1,056
7 Available cash	-	987
	4,375	3,814
8 Creditors : amounts falling due within one year	(98,505)	(56,120)
Net current (liabilities)/assets	(94,130)	(52,306)
Total assets less current liabilities	50,370	94,794
9 Creditors : amounts falling due after more than one year	-	(45,379)
Net assets	50,370	49,415

Partner's accounts

10 Partner's capital contribution accounts	4	4
11 Limited Partners' loan accounts	30,105	30,105
12 Limited Partners' revaluation accounts	19,387	19,278
13 Limited Partners' income accounts	874	28
21	50,370	49,415

These accounts were approved by the General Partner on 18th January 2002, and signed on its behalf by Andrew Blurton



MWB LEISURE FUND I
CASH FLOW STATEMENT
for the year ended 31st December 2000

Notes

	Year ended 31st December 2000 £'000	Year ended 31st December 1999 £'000
14 Net cash inflow from operating activities	3,651	7,201
15 Returns on investments and servicing of finance	(4,256)	(4,725)
16 Capital expenditure and financial investments	-	(14,134)
4 Income distributions paid	(317)	(1,389)
Net cash outflow before financing	(921)	(13,047)
17 Financing	(66)	12,570
18 Decrease in available cash during the period	(987)	(477)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
for the Year ended 31st December 2000

Notes	31st December 2000 £'000	31st December 1999 £'000
18 Decrease in available cash during the period	(987)	(477)
17 Increase/(decrease) in loans during the period	(66)	(10,570)
18 Increase in net debt during the period	(1,053)	(11,047)
18 Net debt at 1st January 2000	(82,201)	(71,154)
18 Net debt at 31st December 2000	(83,254)	(82,201)

MWB LEISURE FUND I

ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material to the accounts:

Basis of accounting

The accounts have been prepared under the historical cost convention modified by the revaluation of investment properties and in accordance with the MWB Leisure Fund Partnership Agreement dated 8th August 1996. They have also been prepared in accordance with applicable United Kingdom accounting standards, modified by the analysis of cash between committed and available cash.

Cash flow statement

The cash flow statement reconciles movements in cash after deducting committed cash, where committed cash comprises cash set aside to fund trade creditors and interest accrued at the year end which are due for payment shortly thereafter.

Investment properties

Investment properties are included in the balance sheet at their open market value at the balance sheet date, on the basis of an annual valuation. Aggregate surpluses or deficits arising on valuation are transferred to a revaluation reserve. Permanent diminutions in the value of investment properties to below their carrying values are charged directly to the profit and the loss account. Additions include only costs of a capital nature. Interest and other related costs are treated as revenue expenditure and written off as incurred.

In accordance with Statement of Standard Accounting Practice 19, depreciation and amortisation is not provided in respect of freehold investment properties. Leasehold investment properties are not depreciated where the unexpired term is over twenty years. However, these properties are not held for consumption but for investment and the General Partner considers that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the factors reflected in the annual valuation, and the amount which might otherwise have been shown cannot be separately identified or quantified.

Developments in progress

Developments in progress are valued at the lower of cost and net realisable value. Completed developments held for their investment potential are transferred at cost to fixed assets and treated as investment properties.

Loan issue costs

In accordance with FRS4, issue costs incurred in obtaining loan finance are accounted for as a reduction in the amount of the liability. This reduction is amortised through the profit and loss account on a straight line basis over the length of the loan.

MWB LEISURE FUND I ACCOUNTING POLICIES

Turnover

Turnover represents net rental income receivable by the Partnership from third parties during the period, excluding value added tax.

Taxation

The Partnership is not a taxable entity and accordingly no provision is made in these accounts for taxation.

MWB LEISURE FUND I

NOTES TO THE ACCOUNTS

1. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31st December 2000	Year ended 31st December 1999
	£'000	£'000
Interest receivable on bank deposits	<u>30</u>	<u>60</u>

2. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31st December 2000	Year ended 31st December 1999
	£'000	£'000
Interest on bank loans repayable between one and five year	4,729	4,775
Bank charges and debt issue costs	<u>65</u>	<u>66</u>
	<u>4,794</u>	<u>4,841</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 31st December 2000	Year ended 31st December 1999
	£'000	£'000

The profit on ordinary activities before taxation, and where appropriate the acquisition cost of the Partnership's freehold and long leasehold properties, are stated after charging:

Management fees in accordance with the Partnership agreement:

Marylebone Warwick Balfour Management Limited	407	406
Jones Lang LaSalle Corporate Finance	50	80
Audit fee	<u>20</u>	<u>20</u>

MWB LEISURE FUND I

NOTES TO THE ACCOUNTS

4. INCOME DISTRIBUTIONS

	Year ended 31st December 2000 £'000	Year ended 31st December 1999 £'000
Income distribution paid 9th March 1999	-	302
Income distribution paid 2nd September 1999	-	1,087
Income distribution paid 7th July 2000	317	-
	<u>317</u>	<u>1,389</u>

5. TANGIBLE FIXED ASSETS

	Investment properties		
	Freehold properties £'000	Long leasehold properties £'000	Total £'000
Cost or valuation			
At 1st January 2000	119,450	27,650	147,100
Reduction in Fountain Park purchase price	(2,600)	(109)	(2,709)
Revaluation surplus / (deficit) in the period	(450)	559	109
At 31st December 2000	<u>116,400</u>	<u>28,100</u>	<u>144,500</u>

The Partnership's investment properties at 31st December 2000 were valued by Chesterton Plc, on an open market value basis, at £144.5 million. This included a valuation of the Partnership's forward commitment to purchase Fountain Park, Edinburgh, of £41.1 million. The cost of the forward commitment prescribed in the purchase agreement was £39.45 million at 31st December 2000. £29.15 million had been incurred in construction at Fountain Park and the balance of £10.3 million acquisition costs are due to be incurred during the three month period ending 31st March 2001. This is included in Creditors: amounts falling due within one year.

MWB LEISURE FUND I

NOTES TO THE ACCOUNTS

5. TANGIBLE FIXED ASSETS (continued)

All tangible fixed assets of the Group are located within the United Kingdom.

In accordance with the Fund's accounting policy, the Fund's freehold and long leasehold investment properties totalling £144,500,000 (1999: £147,100,000) are not depreciated.

Details of the Funds' properties included above at valuation are as follows:-

	Cost	Surplus 8th September 1998 to 31st December 1999	Valuation at 31st December 1999	Additions in year to 31st December 2000	Surplus in year to 31st December 2000	Valuation at 31st December 2000
	£'000	£'000	£'000	£'000	£'000	£'000
Boldon	7,357	1,543	8,900	-	250	9,150
Dundee	10,099	2,301	12,400	-	(400)	12,000
Edinburgh	42,050	1,650	43,700	(2,600)	-	41,100
Guildford	7,019	1,981	9,000	-	150	9,150
Maidstone	14,000	4,650	18,650	(109)	409	18,950
Poole	17,091	2,809	19,900	-	(500)	19,400
Stockton	13,931	1,419	15,350	-	150	15,500
Wolverhampton	16,275	2,925	19,200	-	50	19,250
	<u>127,822</u>	<u>19,278</u>	<u>147,100</u>	<u>(2,709)</u>	<u>109</u>	<u>144,500</u>

A £2.6 million reduction to the anticipated cost of purchasing Fountain Park, Edinburgh is shown in the additions column above. An equal reduction in the year end valuation produces no overall movement in the revaluation surplus of £1.65 million recorded at 31st December 1999.

6. DEBTORS

	31st December 2000	31st December 1999
	£'000	£'000
Trade debtors	1,893	1,017
Amounts due from related parties	28	703
Other debtors	214	51
	<u>2,135</u>	<u>1,771</u>

MWB LEISURE FUND I

NOTES TO THE ACCOUNTS

7. CASH

	31st December 2000 £'000	31st December 1999 £'000
<u>Committed cash</u>		
Loan repayments and interest due	1,252	1,003
VAT due to HM Customs	96	-
Service charge float	892	53
	<u>2,240</u>	<u>1,056</u>
<u>Available cash</u>	<u>-</u>	<u>987</u>

8. CREDITORS : amounts falling due within one year

	31st December 2000 £'000	31st December 1999 £'000
Current portion of bank loans (secured - note 9)	83,195	37,684
Trade creditors	1,175	843
Amounts due to service charge companies	2	4
Amounts due to Marylebone Warwick Balfour Management Ltd	206	-
Amounts due to related parties	4	120
Amounts due to Leisure Parks (General Partners) Ltd	710	-
Forward commitments to purchase properties		
Maidstone	-	118
Edinburgh	10,298	14,882
Other creditors		
VAT, Social Security and PAYE	96	-
Other creditors	436	97
Accruals	774	634
Deferred income	1,609	1,738
	<u>98,505</u>	<u>56,120</u>

MWB LEISURE FUND I

NOTES TO THE ACCOUNTS

9. CREDITORS: amounts falling due after more than one year

	31st December 2000 £'000	31st December 1999 £'000
Bank loans (secured)	83,254	45,504
Less issue costs	(59)	(125)
	<u>83,195</u>	<u>45,379</u>
Summary of total loans		
less issue costs	£'000	£'000
Repayable:		
Within one year or on demand	83,254	37,683
Between one and two years	-	40,744
Between two and five years	-	4,760
Total loans	<u><u>83,254</u></u>	<u><u>83,187</u></u>

At 31st December 2000, the Partnership had bank loans due for repayment as follows:

<i>Property</i>	<i>Term of facility</i>	<i>Interest rate</i>	<i>Due within one year £'000's</i>	<i>Due after more than one year £'000's</i>
Dundee loan	August 2001	8.69% fixed	5,625	-
Poole loan "A"	March 2001	6.93% floating	8,250	-
Poole loan "B"	March 2001	6.93% floating	1,500	-
Guildford loan	September 2001	8.82% fixed	4,760	-
Stockton loan	October 2001	8.59% fixed	8,885	-
Bentley Bridge loan	November 2001	8.38% fixed	10,615	-
Boldon loan	September 2001	7.94% fixed	4,899	-
Maidstone loan	August 2001	8.78% fixed	10,720	-
Fountain Park loan	September 2000	8.05% fixed	28,000	-
			<u>83,254</u>	<u>-</u>

All loans of the Partnership are denominated in Sterling. The above loans are secured on the relevant partnership properties and will be repayable if the underlying security is sold. The Fountain Park development loan will be redeemed by a new term loan on completion.

During 2001 the Fund's term loans were refinanced with a global term loan from HVB Bank with a maturity date of December 2003. All previous loans were repaid.

MWB LEISURE FUND I

NOTES TO THE ACCOUNTS

10. PARTNERS' CAPITAL CONTRIBUTION ACCOUNTS

	31st December 2000	31st December 1999
	£'000	£'000
Capital introduced 8th August 1996	<u>4</u>	<u>4</u>

Capital contributions are the amounts specified in Schedule 1 of the Limited Partnership Agreement in respect of Limited Partners, together with the capital contribution of the General Partner as specified in Section 2.2 of the Limited Partnership Agreement.

11. LIMITED PARTNERS' LOAN ACCOUNTS

	31st December 2000	31st December 1999
	£'000	£'000
Balance at 1st January 2000	30,105	28,105
Loans drawn on 24th May 1999	-	2,000
At 31st December 2000	<u>30,105</u>	<u>30,105</u>

Limited Partners' loan accounts are the amounts drawn at 31st December 2000 from the Loan Commitments specified in Schedule 1 of the Limited Partnership Agreement.

12. LIMITED PARTNERS' REVALUATION ACCOUNTS

	31st December 2000	31st December 1999
	£'000	£'000
At 1st January 2000	19,278	15,113
Revaluation surplus arising during the period	109	4,165
At 31st December 2000	<u>19,387</u>	<u>19,278</u>

MWB LEISURE FUND I
NOTES TO THE ACCOUNTS
13. LIMITED PARTNERS' INCOME ACCOUNTS

	31st December 2000 £'000	31st December 1999 £'000
At 1st January 2000	28	90
Transfer from/(to) the profit and loss account	846	(62)
At 31st December 2000	<u>874</u>	<u>28</u>

14. NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year ended 31st December 2000 £'000	Year ended 31st December 1999 £'000
Profit on ordinary activities before interest	5,927	6,108
Decrease/(increase) in debtors and committed cash	(1,548)	621
Increase/(decrease) in creditors	(728)	472
	<u>3,651</u>	<u>7,201</u>

15. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Year ended 31st December 2000 £'000	Year ended 31st December 1999 £'000
Interest and other income received	30	60
Interest paid	(4,286)	(4,785)
	<u>(4,256)</u>	<u>(4,725)</u>

MWB LEISURE FUND I

NOTES TO THE ACCOUNTS

16. CAPITAL EXPENDITURE

	Year ended 31st December 2000 £'000	Year ended 31st December 1999 £'000
Purchase of investment properties	-	14,134

17 FINANCING

	Year ended 31st December 2000 £'000	Year ended 31st December 1999 £'000
Limited Partners' Loan Accounts	-	2,000
Bank loans	(66)	10,570
	<u>(66)</u>	<u>12,570</u>

18. ANALYSIS OF CHANGES IN NET DEBT

	31st December 2000 £'000	Movement during period £'000	31st December 1999 £'000	Movement during year £'000	31st December 1998 £'000
Available cash	-	(987)	987	(477)	1,464
Bank loans due within one year	(83,254)	(45,570)	(37,684)	(20,964)	(16,720)
Bank loans due after more than one year	-	45,504	(45,504)	10,394	(55,898)
Net debt	<u>(83,254)</u>	<u>(1,053)</u>	<u>(82,201)</u>	<u>(11,047)</u>	<u>(71,154)</u>

19. CAPITAL COMMITMENTS

Capital commitments existing at 31st December 2000

Fountain Park, Edinburgh

The anticipated remaining purchase price of £10.3 million is due for settlement within the period to 17th July 2001.

MWB LEISURE FUND I

NOTES TO THE ACCOUNTS

20. RELATED PARTY TRANSACTIONS

Management fees payable to Marylebone Warwick Balfour Management Limited and to Jones Lang LaSalle Corporate Finance Limited are set out in note 3.

At 31st December 2000, a balance of £ 206,000 was due to Marylebone Warwick Balfour Management Ltd, representing fees and recharged costs and which is included in creditors in Note 8.

At 31st December 2000, a balance of £710,000 was due to Leisure Park (General Partner) Limited, representing VAT due to HM Customs and Excise as part of the General Partners VAT return. These balances are set out in creditors in Note 8.

21. NET ASSET VALUE OF LIMITED PARTNERS

The net asset value of each Limited Partner's interest in the Fund, being the aggregate of the Capital Contributions and Loan Commitments made by each Limited Partner, expressed as a percentage of the total Capital Contributions, Loan Commitments, Revaluation Accounts and Income Accounts of the Fund, is as follows:

	Total Capital and Loan Commitment	Loan Commitment drawn at 31st December 2000	Share of Fund %	31st December 2000	31st December 1999
	£'000	£'000		£'000	£'000
Scottish Widows Fund & Life Assurance Society	15,950	10,826	35.96%	18,113	17,770
Clerical Medical Investment Group Limited	7,500	5,091	16.91%	8,518	8,356
Deutsche Bank AG London	5,000	3,396	11.28%	5,682	5,574
Norwich Union Life & Pensions Limited	5,000	3,396	11.28%	5,682	5,574
Sun Life Assurance Company of Canada	5,000	3,396	11.28%	5,682	5,574
Marylebone Warwick Balfour Group Plc	5,900	4,000	13.29%	6,692	6,567
	<u>44,350</u>	<u>30,105</u>	<u>100.00%</u>	<u>50,370</u>	<u>49,415</u>

Dependent upon the level of IRR achieved by the Fund, the Fund may pay the balance of fees due to the Property Investment Adviser and Manager in accordance with the Partnership Agreement. These additional amounts are only payable if the Fund has achieved an IRR on equity of at least 12% per annum prior to charging such fees during the entire life of the Fund. They amount to 50 basis points on the purchase price of each property acquired, forward funded or forward committed. In addition, the Fund would also pay the balance of the annual management fees equivalent to 50 basis points of the original cost of acquisition of each property. No accrual will be made for these amounts until the final IRR of the Fund has been determined. The IRR of the Fund from 8th August 1996 to 31st December 1999 amounted to 20½%.

**MWB LEISURE FUND I
NOTES TO THE ACCOUNTS**

21 NET ASSET VALUE OF LIMITED PARTNERS (continued)

Under the terms of the Partnership Agreement, the Carried Interest Partners are entitled to a Carried Interest in the results of the Fund as a performance incentive. Limited Partners will receive distributions equivalent to their original Commitments, together with an IRR of 12% per annum over the life of the Fund, before the Carried Interest becomes due. Thereafter, the Carried Interest Partners will be entitled to 25% of any excess distributions when the IRR of the Fund is between 12% and 20%. If the Fund achieves an IRR in excess of 20%, the Carried Interest Partners will be entitled to 35% of any such excess distributions. Any payment to the Carried Interest Partners will be calculated by reference to the IRR achieved over the entire life of the Fund and will only be made after realisation of Limited Partners' interests in the Fund.