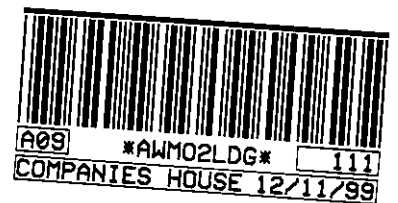


WEST LONDON LEASEHOLDS LIMITED

DIRECTORS' REPORT AND ACCOUNTS
for the year ended
31st March 1999

Company Number : 279600



WEST LONDON LEASEHOLDS LIMITED

REPORT OF THE DIRECTORS **for the year ended 31st March 1999**

The directors submit their report and accounts for the year ended 31st March 1999.

Results and Dividends

The results for the year are set out in the profit and loss account on page 4. The directors do not recommend the payment of a dividend (1998 - £Nil).

Principal Activity

The principal activity of the Company is that of property dealing.

Review of Business and Prospects

The activities and prospects of this and other group companies are reviewed in the Chairman's Statement and Operating and Financial Review of The British Land Company PLC, the ultimate holding company.

Directors and their Interests in Share and Loan Capital

The directors who served during the year were:

C. Metliss
J.H. Weston Smith
D.C. Berry (resigned 17th July 1998)
S.L. Kalman
N.S.J. Ritblat
R.E. Bowden
M.I. Gunston

No director held a beneficial interest in the share capital of the Company. Messrs. C. Metliss, J.H. Weston Smith, S.L. Kalman, N.S.J. Ritblat, and R.E. Bowden are also directors of The British Land Company PLC and, as such, their interests in the share and loan capital of that company are shown in its remuneration report. The beneficial interests of the other director in the ultimate holding company are as follows:-

	Fully paid Ordinary shares		Options over ordinary shares 1984 Option Scheme		Sharesave Scheme		Rights to 6% Irredeemable Convertible Bonds under Restricted Share Plan (£ nominal)	
	<u>31.3.99</u>	<u>1.4.98</u>	<u>31.3.99</u>	<u>1.4.98</u>	<u>31.3.99</u>	<u>1.4.98</u>	<u>31.3.99</u>	<u>1.4.98</u>
M.I. Gunston	47,963	46,440	105,209	105,209	4,753	3,170	65,000	40,000

M.I. Gunston was granted options over 8,339 shares, and options over 6,756 shares lapsed during the period.

WEST LONDON LEASEHOLDS LIMITED

**REPORT OF THE DIRECTORS
for the year ended 31st March 1999**

Statement of Directors' Responsibilities

The directors are required to prepare financial statements which comply with the Companies Act 1985 on a going concern basis (unless inappropriate) and which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and 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; and
- 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 ensuring that proper and adequate accounting records have been maintained and that reasonable procedures have been followed for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

Year 2000

The matters relating to the impact of the Year 2000 issue on the reporting systems and operations of the Company are contained in the Directors' Report of The British Land Company PLC, the ultimate holding company.

Annual General Meeting

At the Annual General Meeting of the Company held on 10th December, 1990 Elective Resolutions were passed to dispense with the following requirements:

- i to lay accounts and reports before a general meeting of the Company.
- ii to appoint auditors annually.
- iii to hold annual general meetings in the future.

Auditors

The auditors, Arthur Andersen, are willing to continue in office.

This report was approved by the Board on 4th June, 1999.


P.C. Clarke
Secretary

10 Cornwall Terrace,
Regent's Park,
London NW1 4QP

WEST LONDON LEASEHOLDS LIMITED

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
WEST LONDON LEASEHOLDS LIMITED**

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on page 2, the Company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 affairs of the Company as at 31st March 1999 and of the result for year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen,
Chartered Accountants
Registered Auditors
1 Surrey Street, London, WC2R 2PS
4th June 1999

WEST LONDON LEASEHOLDS LIMITED

**PROFIT AND LOSS ACCOUNT
for the year ended 31st March 1999**

	<u>Note</u>	<u>1999 Total £</u>	<u>1998 Total £</u>
Turnover			
Rental income		1,390,775	1,725,576
Property sales		3,250,000	9,500,000
Total turnover		<u>4,640,775</u>	<u>11,225,576</u>
Cost of turnover		(3,489,096)	(7,289,916)
Gross profit (loss)	2	<u>1,151,679</u>	<u>3,935,660</u>
Operating profit (loss)	3	<u>1,151,679</u>	<u>3,935,660</u>
<u>Interest receivable</u>			
External - Unlisted		2,162	390
<u>Interest payable</u>			
Group		(437,760)	(878,135)
Profit (loss) on ordinary activities before taxation		<u>716,081</u>	<u>3,057,915</u>
Taxation	5	(221,984)	(1,378,632)
Profit (loss) after taxation		<u>494,097</u>	<u>1,679,283</u>
Retained profit (loss) transferred to (from) reserves	12	<u>494,097</u>	<u>1,679,283</u>

Turnover and results are derived from continuing operations in the United Kingdom.

WEST LONDON LEASEHOLDS LIMITED

**TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31st March 1999**

	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Profit (loss) for the year	494,097	1,679,283
Total recognised gains and losses	<u>494,097</u>	<u>1,679,283</u>

**HISTORICAL COST PROFITS AND LOSSES
for the year ended 31st March 1999**

Profit (loss) before taxation	716,081	3,057,915
Historical cost profit (loss) before tax	<u>716,081</u>	<u>3,057,915</u>
Retained historical cost profit (loss)	<u>494,097</u>	<u>1,679,283</u>

WEST LONDON LEASEHOLDS LIMITED

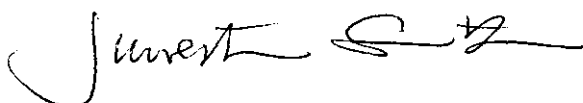
**BALANCE SHEET
as at 31st March 1999**

	<u>Note</u>	<u>£</u>	<u>1999</u>	<u>£</u>	<u>£</u>	<u>1998</u>	<u>£</u>
Fixed Assets							
Tangible assets							
Investments	6			-			-
Loans to group companies	6			-			-
				<hr/>			<hr/>
Current Assets							
Trading properties	7	6,510,010			9,895,010		
Debtors	8	3,786,970			4,043,112		
		<hr/>			<hr/>		
		10,296,980			13,938,122		
Creditors due within one year	9	7,388,484			11,523,723		
		<hr/>			<hr/>		
Net current assets (liabilities)				2,908,496			2,414,399
Total assets less current liabilities				2,908,496			2,414,399
Creditors due after one year							
Provisions for liabilities and charges	10	-		-	-		-
		<hr/>		<hr/>	<hr/>		<hr/>
Net Assets (Liabilities)				2,908,496			2,414,399
				<hr/>			<hr/>
Capital and Reserves							
Called up share capital	11			101,000			101,000
Share premium	12			-			-
Capital reserves							
- Realised	12			-			-
- Revaluation	12			-			-
- Other - unrealised	12			-			-
Profit and loss account	12			2,807,496			2,313,399
				<hr/>			<hr/>
Shareholders' Funds	12			2,908,496			2,414,399
				<hr/>			<hr/>

Non equity interests are stated in note 17.



C. Metliss



J.H. Weston Smith
Directors

Approved by the Board on 4th June 1999

WEST LONDON LEASEHOLDS LIMITED

NOTES TO THE ACCOUNTS **for the year ended 31st March 1999**

1. Accounting policies

A summary of the principal accounting policies is set out below. The policies have been applied consistently, in all material respects, throughout the current and the previous year.

Basis of preparation

The accounts have been prepared using a computer system. This is designed to cover a wide variety of companies and circumstances. As a result some notes may not be relevant for this company and so may be intentionally left blank.

Accounting basis

The accounts are prepared in accordance with applicable Accounting Standards and under the historical cost convention.

Trading properties

TRADING PROPERTIES are stated at the lower of cost and net realisable value. Disposals are recognised on completion: profits and losses arising are dealt with through the profit and loss account.

Investments

Fixed asset investments are stated at market value when listed and at directors' valuation when unlisted. Any surplus or deficit arising on revaluation is taken to the revaluation reserve, unless a deficit is expected to be permanent, in which case it is charged to the profit and loss account.

Current asset investments are stated at the lower of cost and net realisable value.

Investments in subsidiaries are stated at cost or directors' valuation.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

On disposal of an investment property the element of tax relating to the Capital profit is charged to the profit and loss account and the element relating to earlier revaluation surpluses is included in the Statement of Total Recognised Gains and Losses.

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that directors consider that a liability to taxation is unlikely to crystallise in the foreseeable future.

Cashflow statement

In accordance with Financial Reporting Standard 1 (Revised 1996), the company is exempt from preparing a cash flow statement. The company's cash flow is included in the group cash flow statement prepared by The British Land Company PLC.

WEST LONDON LEASEHOLDS LIMITED

**NOTES TO THE ACCOUNTS
for the year ended 31st March 1999**

	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
2. Gross profit (loss)		
Net rental income	1,347,224	1,650,144
Property sales	(195,545)	2,285,516
Fees and commissions	-	-
Other trading income	-	-
	<u>1,151,679</u>	<u>3,935,660</u>

3. Operating profit (loss)

Operating profit (loss) is stated after charging:

Amortisation and depreciation	-	-
Directors remuneration	-	-
Auditors remuneration	-	-
Operating lease rentals	-	-

4. Staff costs

Wages and salaries	9,400	9,400
Social security costs	940	940
	<u>10,340</u>	<u>10,340</u>

Average number of employees of the Company during the year was 1 (1998 - 1).

5. Taxation

UK corporation tax at 31% (1998 - 31%)	221,984	947,953
Prior years adjustment	-	430,679
Tax on franked investment income	-	-
Deferred tax	-	-
	<u>221,984</u>	<u>1,378,632</u>

WEST LONDON LEASEHOLDS LIMITED

**NOTES TO THE ACCOUNTS
for the year ended 31st March 1999**

6. Investments and loans to group companies

	<u>Shares in subsidiaries</u>	<u>Other investments Listed</u>	<u>Total</u>	<u>Loans to Group companies</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
At cost or directors' valuation				
1st April 1998	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluation	-	-	-	-
31st March 1999	-	-	-	-
At cost				
31st March 1999	-	-	-	-
1st April 1998	-	-	-	-

WEST LONDON LEASEHOLDS LIMITED

**NOTES TO THE ACCOUNTS
for the year ended 31st March 1999**

7. Trading properties

	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Freehold	3,760,010	6,645,010
Long leasehold	-	-
Short leasehold	2,750,000	3,250,000
	<u>6,510,010</u>	<u>9,895,010</u>

Information on properties charged to secure borrowings of the ultimate holding company is stated in note 13.
Information on interest capitalised is stated in note 14.

WEST LONDON LEASEHOLDS LIMITED**NOTES TO THE ACCOUNTS
for the year ended 31st March 1999**

	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
8. Debtors		
Trade debtors	30,257	88,108
Other debtors	(1)	-
Corporation tax	3,728,758	3,913,754
Prepayments and accrued income	27,956	41,250
	<u>3,786,970</u>	<u>4,043,112</u>

9. Creditors due within one year

Trade creditors	105,505	105,602
Amounts owed to group companies		
- Current accounts	5,795,231	6,540,612
Corporation tax	1,169,937	4,490,179
Other taxation and social security	57,691	52,181
Accruals and deferred income	260,120	335,149
	<u>7,388,484</u>	<u>11,523,723</u>

WEST LONDON LEASEHOLDS LIMITED

**NOTES TO THE ACCOUNTS
for the year ended 31st March 1999**

10. Provision for liabilities and charges

**Sinking
funds
£**

1st April 1998
Additions
31st March 1999

-
-
-

WEST LONDON LEASEHOLDS LIMITED

**NOTES TO THE ACCOUNTS
for the year ended 31st March 1999**

11. Share capital

	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Authorised		
200,000 ordinary shares of £1 each	200,000	200,000
	<u>200,000</u>	<u>200,000</u>
Allotted and fully paid		
101,000 ordinary shares of £1 each	101,000	101,000
	<u>101,000</u>	<u>101,000</u>

WEST LONDON LEASEHOLDS LIMITED

**NOTES TO THE ACCOUNTS
for the year ended 31st March 1999**

12. Reconciliation of movements in shareholder's funds

	<u>Share Capital</u> £	<u>Share Premium</u> £	<u>Capital Reserve - realised</u> £	<u>Capital Reserve - revaluation</u> £	<u>Capital Reserve - other unrealised</u> £	<u>Profit and loss account</u> £	<u>Total</u> £
Opening shareholders' funds	101,000	-	-	-	-	2,313,399	2,414,399
Retained profit (loss)	-	-	-	-	-	494,097	494,097
Closing shareholders' funds	101,000	-	-	-	-	2,807,496	2,908,496

WEST LONDON LEASEHOLDS LIMITED

**NOTES TO THE ACCOUNTS
for the year ended 31st March 1999**

13. Secured properties

Properties costing/valued at £Nil (1998 - £Nil) were charged to secure borrowings of the ultimate holding company.

14. Capitalised interest

The cumulative interest capitalised on the development of properties is £Nil (1998 - £Nil).

15. Capital commitments

The Company had capital commitments contracted at 31st March 1999 of £Nil (1998 - £Nil).

16. Contingent liabilities

The Company is jointly and severally liable with the ultimate holding company and fellow subsidiaries for all monies falling due under the group VAT registration.

17. Non equity interests

Shareholders' funds includes non equity interests of £Nil (1998 - £Nil).

18. Related parties

The Company has taken advantage of the exemption granted to 90% subsidiaries not to disclose transactions with group companies under the provisions of Financial Reporting Standard 8.

19. Ultimate holding company

The ultimate holding company is The British Land Company PLC, which is registered in England and Wales. Group accounts for this company are available on request from 10 Cornwall Terrace, Regent's Park, London NW1 4QP.