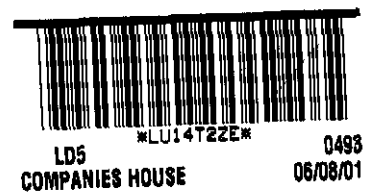


KAJIMA PARTNERSHIPS LIMITED

Report and Financial Statements

For the period 15 September 1999 to 31 December 2000

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**



REPORT AND FINANCIAL STATEMENTS 2000

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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

F Suzuki (Chairman)
H Sugimoto
J M Rudd-Jones
N Aoki

SECRETARY

G P Walters

REGISTERED OFFICE

Grove House
248a Marylebone Road
London NW1 6JZ

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period from 15 September 1999 to 31 December 2000.

INCORPORATION

The company was incorporated on 15 September 1999 as Malletbright Limited, changing its name on 18 November 1999 to Kajima Partnerships Limited ("KPL").

PRINCIPAL ACTIVITY

The company commenced trading on 22 December 1999 as part of the Kajima UK Group's property division, its principal activity being the sourcing, planning and procurement of development projects under the UK Government's Private Finance Initiative ("PFI"). The intention is that new subsidiary companies of KPL will be formed as 'special purpose vehicles' as and when Kajima is appointed preferred bidder for each PFI development, with the accumulated costs being passed down to the special purpose vehicle if and when the contract becomes unconditional and planning permission has been granted.

RESULTS AND REVIEW OF THE BUSINESS

The company incurred a loss for the period of £254,225.

The company has no current source of income and the loss represents full provision for those expenses incurred in bidding for PFI projects. The directors do not propose a dividend for the period under review.

The company's sole subsidiary, Kajima Cambridge Limited, was formed on 30 July 1999 as the special purpose vehicle for an office development project in Cambridge for the Ministry of Agriculture, Fisheries and Food ("MAFF") under the PFI following Kajima's appointment as preferred bidder. On 27 February 2001, a contract conditional on planning consent was entered into with MAFF. A resolution to grant outline planning consent was passed on 27 June 2001 and detailed planning consent is expected in the next 3 – 4 months. The contract provides for the transfer of land from MAFF to Kajima in return for the provision of new offices in Cambridge let to MAFF on a 30 year term; it also provides for the re-sale of the undeveloped portion of the site to Countryside Properties Plc for residential development. Other opportunities are being investigated, some of which are in an advanced stage of the bid process.

ISSUE AND TRANSFER OF SHARES

The company was incorporated with an authorised share capital of £100 comprising 100 ordinary shares of £1.00 each, one subscriber's share being issued on 12 November 1999 for cash at par to Clifford Chance Nominees and transferred to Kajima Europe UK Holding Limited ("KEUKH") on the same day. On 9 December 1999, the company passed an Extraordinary Resolution increasing its authorised share capital to £100,000 by the creation of 99,900 ordinary shares of £1.00 each and, on the same day, issued 99,999 shares to KEUKH for cash at par.

DIRECTORS

The current directors of the company are shown on page 1.

The following changes took place during the period and since the period end:

	Appointed	Resigned
M E Richards	15 September 1999	12 November 1999
P J Charlton	15 September 1999	12 November 1999
F Suzuki	12 November 1999	
S Watanabe	12 November 1999	22 February 2001
J M Rudd-Jones	22 November 1999	
N Aoki	22 November 1999	
H Sugimoto	22 February 2001	

DIRECTORS' REPORT

None of the directors had any interests in the shares of the company or any other group company at any time during the period.

AUDITORS

By a resolution passed at the first meeting of the directors held on 12 November 1999, Deloitte & Touche were appointed auditors of the company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



G P Walters

Secretary

3rd August 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company 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; and
- prepare the financial statements on a 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF KAJIMA PARTNERSHIPS LIMITED

We have audited the financial statements on pages 6 to 10 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 31 December 2000 and of its loss for the period from 15 September 1999 (date of incorporation) to 31 December 2000 and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants and Registered Auditors

Hill House
1 Little New Street
London, EC4A 3TR

3rd August 2001

KAJIMA PARTNERSHIPS LIMITED

PROFIT AND LOSS ACCOUNT

Period from 15 September 1999 to 31 December 2000

	Note	2000 £
TURNOVER		-
Cost of sales		(230,669)
GROSS LOSS		(230,669)
Administrative expenses		(17,118)
Provision for impairment in carrying value of subsidiary company		(6,438)
LOSS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION, RETAINED FOR THE PERIOD	2	(254,225)

All results are derived from continuing operations.

The company had no other recognised gains or losses for the current period. Accordingly, no statement of total recognised gains and losses is required.

BALANCE SHEET
31 December 2000

	Note	2000 £
FIXED ASSETS		
Investment in subsidiary company	4	<u>93,562</u>
CURRENT ASSETS		
Debtors	5	116,528
Work in progress	6	-
Cash at bank and in hand		<u>5,043</u>
		121,571
CREDITORS: amounts falling due within one year	7	<u>(369,358)</u>
NET CURRENT LIABILITIES		<u>(247,787)</u>
NET LIABILITIES		<u>(154,225)</u>
CAPITAL AND RESERVES		
Called up share capital	8	100,000
Profit and loss account		<u>(254,225)</u>
EQUITY SHAREHOLDER'S DEFICIT	9	<u>(154,225)</u>

These financial statements were approved by the Board of Directors on 3rd August 2001.

Signed on behalf of the Board of Directors


 F. Suzuki
 Director

3rd August 2001

NOTES TO THE ACCOUNTS**Period from 15 September 1999 to 31 December 2000****1. ACCOUNTING POLICIES****Accounting convention**

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

The accounts present information about the company as an individual company and not about the group.

Consolidated financial statements have not been prepared as the company is a wholly-owned subsidiary of Kajima Europe UK Holding Limited ("KEUKH"), a company registered in England.

Basis of Preparation

Although the company has net current liabilities, the directors have received an undertaking from the company's immediate UK parent company, KEUKH, that it will provide or procure adequate finance to enable the company to meet its liabilities as they fall due, for at least twelve months from the date of approval of these financial statements. Accordingly, the directors are of the opinion that the company will have sufficient funds to meet its liabilities as they fall due and that it is appropriate to prepare these financial statements on the going concern basis.

Work in progress

External costs incurred in relation to an intended project as part of the design, planning and bidding process are carried forward as work in progress until:

- either (a) there is an unconditional contract for the development and planning permission has been granted, at which time the costs are transferred into a subsidiary company;
- or (b) another contender is appointed preferred bidder;
- or (c) the company withdraws from the bidding process;
- or (d) the contract for the project becomes aborted;
- or (e) the application for planning permission is rejected and the rejection is unconditional

Full provision is made against all costs relating to projects where the company has yet to achieve preferred bidder status.

Investments

Investments in subsidiary companies are stated at cost less provision for impairment based on net asset values.

Other investments are carried at cost less provision for impairment.

Related party transactions

The company is a wholly-owned subsidiary of the Kajima Europe UK Holding Limited group of companies and has taken advantage of the exemption that is conferred by Financial Reporting Standard No. 8, Related Party Disclosures that allows it not to disclose transactions with group companies.

2. OPERATING LOSS

	2000 £
This is stated after charging:	
Auditors' remuneration:	
audit fees	3,000
other services	2,000

The company has no employees other than its directors, none of whom received any remuneration for their services as a director of the company during the period.

NOTES TO THE ACCOUNTS**Period from 15 September 1999 to 31 December 2000****3. TAXATION**

There is no corporation tax credit as no deferred tax asset is recognised for tax losses and no payment is received for any losses surrendered to group companies.

4. FIXED ASSETS

	2000 £
Investment in subsidiary company	
At 15 September 1999	-
Shares acquired during the period at cost	100,000
Provision for impairment	(6,438)
At 31 December 2000	93,562

On 22 November 1999, the company acquired one ordinary share of £1 in Kajima Cambridge Limited for cash at par from its controlling company. On 9 December 1999, the company subscribed for a further 99,999 shares for cash at par, making the company a wholly owned subsidiary.

5. DEBTORS

	2000 £
Amounts owed by UK parent company	8,495
Other debtors	108,033
	116,528

6. WORK IN PROGRESS

	2000 £
Project costs	19,832
Less: Provisions	(19,832)
Net book value	-

7. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £
Trade creditors	364,358
Accruals and deferred income	5,000
	369,358

NOTES TO THE ACCOUNTS

Period from 15 September 1999 to 31 December 2000

8. CALLED UP SHARE CAPITAL

	2000 £
Authorised, allotted, called up and fully paid: 100,000 ordinary shares of £1 each	100,000

9. MOVEMENTS ON RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT

	Share capital £	Profit and loss account £	Total £
At 15 September 1999	-	-	-
Ordinary shares issued in period	100,000	-	100,000
Loss for the period	-	(254,225)	(254,225)
At 31 December 2000	100,000	(254,225)	(154,225)

10. ULTIMATE AND IMMEDIATE PARENT COMPANY

The company's ultimate controlling entity, ultimate parent company and parent company of the largest group of which the company is a member and for which group financial statements are prepared is Kajima Corporation, a company incorporated in Japan. Copies of the group financial statements of Kajima Corporation are available from 1-2-7 Moto-Akasaka, Minato-Ku, Tokyo.

The smallest group of which the company is a member and for which group financial statements are prepared is Kajima Europe UK Holding Limited, a company incorporated in England. Copies of the group financial statements are available from Grove House, 248a Marylebone Road, London NW1 6JZ.