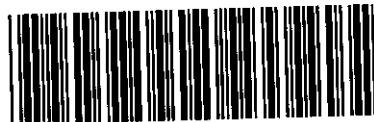

FRP GROUP LIMITED

Annual Report and Accounts

Year ended 31 March 2006

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COMPANIES HOUSE

Company number: 2844685

FRP GROUP LIMITED

REPORT OF THE DIRECTORS for the year ended 31 March 2006

The directors present their Annual Report and audited Accounts for the year ended 31 March 2006.

Business review and principal activities

The company is a wholly owned subsidiary of The British Land Company PLC and operates as a constituent of the Group. The company contracted to sell its interest in its residential property investment portfolio on 19 February 2006. The company intends to invest in property in the future.

As shown in the company's Profit and loss account on page 5, the company's turnover has decreased by 35.2% over the prior year and profit before tax has decreased by 73.9% over the prior year.

The Balance sheet on page 7 of the financial statements shows that the company's financial position at the year end is, in both net assets and cash terms, consistent with the prior year. Details of amounts owed to its fellow group companies are shown in note 8 on page 14.

The company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group comprising The British Land Company PLC and subsidiaries, which includes the company, is discussed in the group's Annual Report which does not form part of this report.

Details of significant events since the balance sheet date are contained in note 17 of the financial statements.

The subsidiaries, if any, held by the company are listed in note 6 to the accounts. Where the company has subsidiaries, consolidated financial statements are not presented as the company takes advantage of the exemption afforded by Section 228 of the Companies Act 1985.

Principal risks and uncertainties

The Group's objective is to achieve attractive long-term returns whilst minimising risks. In order to identify and evaluate risks and design controls to mitigate them, a regular comprehensive assessment is undertaken which has identified certain individual risks affecting the Group and company, most of which arise out of natural market volatility, relating to supply and demand imbalances in the following areas:

- demand for space from occupiers against available space (including new developments);
- differential pricing for previous locations and buildings;
- alternative uses for buildings (including redevelopment);
- demand for returns from investors in property, compared to other asset classes;
- price differentials for capital to finance the business;
- legislative initiatives, including planning consents and taxation;
- economic cycles, including the impact on tenant covenant quality, interest rates and inflation;
- mis-pricing of property assets by the equity markets.

The Group's preference for long-term investments let on long leases to strong tenants with upward only rent reviews provides stable long-term cash flows which enables the Group to ride out much of this natural market volatility.

The company is financed by a fixed rate loan from its ultimate holding company and has no third party debt. It therefore has no interest rate exposure.

Environment

Across the Group, The British Land Company PLC recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The company operates in accordance with Group policies, which are described in the Group's Annual Report, which does not form part of this report. Initiatives designed to minimise the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

Results and dividends

The results for the year are set out in the profit and loss account on page 5.

Dividends paid are shown on the face of the profit and loss account.

FRP GROUP LIMITED

**REPORT OF THE DIRECTORS
for the year ended 31 March 2006**

Directors

The directors who served throughout the year were, except as noted:

Sir John Ritblat (Resigned 31 December 2006)

S A M Hester

C Metliss (Resigned 14 July 2006)

J H Weston Smith (Resigned 14 July 2006)

N S J Ritblat (Resigned 31 August 2005)

R E Bowden

G C Roberts

M I Gunston

C M J Forshaw

J F Taylor (Appointed 07 February 2006)

A M Jones (Appointed 14 July 2006)

T Roberts (Appointed 14 July 2006)

L M Bell (Appointed 14 July 2006)

S M Barzycki (Appointed 14 July 2006)

P C Clarke (Appointed 14 July 2006)

N M Webb (Appointed 14 July 2006)

The directors' interests in the share and loan capital of the company are set out in note 12 to the financial statements.

Statement of directors' responsibilities

United Kingdom 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 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 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control and for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each of the persons who are directors at the time when the directors' report is approved, the following apply:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he/she has taken all steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

FRP GROUP LIMITED

**REPORT OF THE DIRECTORS
for the year ended 31 March 2006**

Annual General Meeting


At the Annual General Meeting of the company held on 6 February 2006 Elective Resolutions were passed to dispense with the following requirements:

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

Auditors

BDO Stoy Hayward LLP have resigned as auditors. The directors have appointed Deloitte & Touche LLP who are willing to continue in office.

This report was approved by the Board on 15 JAN 2007


R J Scudamore
Secretary

10 Cornwall Terrace
Regent's Park
London NW1 4QP

FRP GROUP LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FRP GROUP LIMITED
for the year ended 31 March 2006**

We have audited the financial statements of FRP Group Limited for the year ended 31 March 2006 which comprise the profit and loss account, balance sheet, statement of total recognised gains and losses, note of historical cost profits and losses and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in our auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the directors' report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

18 January 2007

FRP GROUP LIMITED

**PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2006**

| | Note | 2006 £ | 2005 £ |
|--|-----------|---------------------------|-----------------------|
| Turnover | | | |
| Rental income | | 597,073 | 922,019 |
| Fees and commissions | | | |
| Other trading income | | | |
| Total turnover | | <u>597,073</u> | <u>922,019</u> |
| Cost of turnover | | (159,275) | (362,408) |
| Gross profit (loss) | | <u>437,798</u> | <u>559,611</u> |
| Administrative expenses | | | |
| Operating profit (loss) | | <u>437,798</u> | <u>559,611</u> |
| Profit (loss) on disposal of properties | | (397,851) | (140,094) |
| Profit (loss) on disposal of investments | | | 5,000 |
| Group transfer of investments | | | |
| Write down of investments in subsidiaries | | | |
| Dividends receivable | | | |
| Interest receivable | | | |
| Group | | | |
| Associated companies | | | |
| External - other | | 128 | |
| Interest payable | | | |
| Group | | | (270,974) |
| External | | | |
| - bank overdrafts and loans | | | |
| - other loans | | | |
| Profit (loss) on ordinary activities before taxation | 2 | <u>40,075</u> | <u>153,543</u> |
| Taxation | 4 | (135,897) | (106) |
| Profit (loss) on ordinary activities after taxation | | <u>(95,822)</u> | <u>153,437</u> |
| Dividends paid in the year | | (2,874,570) | |
| (2006: 46.02p per 25p ordinary share, paid on 30 March 2006; 2005: £Nil) | | | |
| (2006: 92.04p per 50p ordinary share, paid on 30 March 2006; 2005: £Nil) | | | |
| Retained profit (loss) for the year | 13 | <u><u>(2,970,392)</u></u> | <u><u>153,437</u></u> |

Turnover and results are derived from continuing operations in the United Kingdom. The company has only one significant class of business.

FRP GROUP LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2006

| | 2006 £ | 2005 £ |
|---|------------------|----------------|
| Profit (loss) on ordinary activities after taxation | (95,822) | 153,437 |
| Unrealised surplus (deficit) on revaluation of investment properties | (15,000) | 197,357 |
| Unrealised surplus (deficit) on revaluation of investments | | |
| Unrealised surplus (deficit) on revaluation of subsidiaries | | |
| Exchange movements on foreign currency net investments | | |
| Taxation on realisation of prior year revaluations | | |
| Total recognised gains and losses relating to the financial year | <u>(110,822)</u> | <u>350,794</u> |

NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 31 March 2006

| | 2006 £ | 2005 £ |
|---|------------------|------------------|
| Profit (loss) on ordinary activities before taxation | 40,075 | 153,543 |
| Realisation of prior year revaluations | 7,971,968 | 1,654,019 |
| Historical cost profit (loss) on ordinary activities before taxation | <u>8,012,043</u> | <u>1,807,562</u> |
| Historical cost profit (loss) for the year retained after taxation and dividends | <u>5,001,576</u> | <u>1,807,456</u> |

FRP GROUP LIMITED

**BALANCE SHEET
as at 31 March 2006**

| | Note | 2006 £ | £ | 2005 £ | £ |
|--|------|-------------------|-------------------|---------------|-------------------|
| Fixed assets | | | | | |
| Investment properties | 5 | | 425,001 | | 18,713,000 |
| Plant | | | | | |
| Investments | 6 | | 162,337 | | 162,337 |
| Loans to group companies | 6 | | | | |
| | | | <u>587,338</u> | | <u>18,875,337</u> |
| Current assets | | | | | |
| Debtors | 7 | 13,078,777 | | 32,370 | |
| Cash and deposits | | | | | |
| | | <u>13,078,777</u> | | <u>32,370</u> | |
| Creditors due within one year | 8 | (238,937) | | (2,495,137) | |
| | | <u></u> | | <u></u> | |
| Net current assets (liabilities) | | | 12,839,840 | | (2,462,767) |
| Total assets less current liabilities | | | <u>13,427,178</u> | | <u>16,412,570</u> |
| Creditors due after one year | 9 | | | | |
| Provision for liabilities | 10 | | | | |
| | | | <u>13,427,178</u> | | <u>16,412,570</u> |
| Net assets (liabilities) | | | <u>13,427,178</u> | | <u>16,412,570</u> |
| Capital and reserves | | | | | |
| Called up share capital | 11 | | 1,561,701 | | 1,561,701 |
| Share premium | 13 | | 551,430 | | 551,430 |
| Revaluation reserve | 13 | | 193,473 | | 8,180,441 |
| Other unrealised reserve | 13 | | 606,392 | | 606,392 |
| Profit and loss account | 13 | | 10,514,182 | | 5,512,606 |
| Shareholders' funds | 13 | | <u>13,427,178</u> | | <u>16,412,570</u> |

These financial statements were approved by the Board of Directors on

15 JAN 2007



G C Roberts
Director

FRP GROUP LIMITED

Notes to the accounts for the year ended 31 March 2006

1. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the current and the previous year.

These financial statements are designed to cover a wide variety of companies and circumstances. As a result some notes or some entries in the primary statements or the notes may not be relevant for this company and so may be intentionally left blank.

Accounting basis

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards and under the historical cost convention as modified by the revaluation of investment properties and fixed asset investments.

Where the company has subsidiaries, it has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of another company. Group financial statements which include the company, for The British Land Company PLC are publicly available (see note 18).

Cash flow statement

Where the company has subsidiaries, it has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 from the requirement of FRS 1 to present a cash flow statement.

Where the company has no subsidiaries, it is exempt from preparing a cash flow statement in accordance with FRS 1. The company's cash flow is included in the group cash flow statement prepared by The British Land Company PLC as part of its consolidated financial statements, which are publicly available (see note 18).

Properties

Investment properties, including freehold and long leasehold properties, are independently valued each year on an open market basis. Any surplus or deficit arising is transferred to revaluation reserve, unless a deficit is expected to be permanent, in which case it is charged to the profit and loss account. The profit on disposal is based on book value.

In accordance with Statement of Standard Accounting Practice 19 no amortisation or depreciation is provided in respect of freehold or long leasehold properties. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view. The financial effect of the departure from these rules cannot reasonably be quantified as depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified. Where properties held for investment are appropriated to trading stock, they are transferred at market value.

Development properties are included in investment properties and stated at cost, except where the open market value falls below cost, when they are revalued to the lower amount. The revaluation deficit is transferred to the revaluation reserve unless it represents a clear consumption of economic benefits, in which case it is charged to the profit and loss account. The cost of properties in course of development includes attributable interest and other outgoings having regard to the development potential of the property. Interest is calculated on the development expenditure by reference to specific borrowings where relevant and otherwise on the average rate applicable to short-term loans. Interest is not capitalised where no development activity is taking place.

A property ceases to be treated as a development on practical completion.

Events after the balance sheet date

FRS 21 (IAS 10) "Events after the balance sheet date" is applicable for accounting periods beginning on or after 1 January 2005. The main impact of FRS 21 is that dividends declared to holders of equity instruments after the balance sheet date, are not recognised as a liability at the balance sheet date. As this constitutes a change in accounting policy, the comparative amounts in the financial statements are required to be restated in accordance with FRS 3 "Reporting Financial Performance". There has been no impact on the financial statements of the company for the current or previous period.

FRP GROUP LIMITED

Notes to the accounts for the year ended 31 March 2006

1. Accounting policies (continued)

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 revaluation reserve, unless a deficit is expected to be permanent, in which case it is charged to profit and loss account.

Investments in subsidiaries are stated at cost or directors' valuation less provision for impairment.

Taxation

Corporation tax payable is provided on taxable profits at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

On disposal of an investment property the element of tax relating to the profit in the year 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.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the accounts and their recognition in a tax computation.

Deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more or less tax in the future. Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Deferred tax is measured on a non-discounted basis. A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Net rental income

Rental income is recognised on an accruals basis, exclusive of service charges receivable. Rent increases arising from rent reviews are taken into account when such reviews have been settled with tenants. Where a lease incentive does not enhance the property, it is amortised on a straight-line basis over the period from the date of lease commencement to the earlier of the first rent review to the prevailing market rent, the first break option, or the end of the lease term. On new leases with rent free periods, rental income is allocated evenly over the period from the date of lease commencement to the earlier of the first rent review to the prevailing market rate and the lease end date. Service charges and other recoveries are credited directly against relevant expenditure.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

Pensions

The amount charged to the profit and loss account in respect of pensions costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

FRP GROUP LIMITED

**Notes to the accounts
for the year ended 31 March 2006**

| 2. Profit (loss) on ordinary activities before taxation | 2006 | 2005 |
|--|-------------|-------------|
| | £ | £ |

Profit (loss) on ordinary activities before taxation is stated after charging (crediting):

Amortisation

Depreciation

Auditors' remuneration

Auditors' remuneration for other services

| | |
|-------|-------|
| ===== | ===== |
|-------|-------|

Amounts payable to Deloitte & Touche LLP in respect of audit and non-audit services are paid at group level by The British Land Company PLC.

| 3. Staff costs | 2006 | 2005 |
|-----------------------|-------------|-------------|
| | £ | £ |

Wages and salaries

Social security costs

Pension costs

| | |
|-------|-------|
| ===== | ===== |
| - | - |
| ===== | ===== |

No director received any remuneration for services to the company in either year.

Average number of employees, including directors, of the company during the year was Nil (2005 - Nil).

FRP GROUP LIMITED

**Notes to the accounts
for the year ended 31 March 2006**

| 4. Taxation | 2006 | 2005 |
|---|-----------------------|-------------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax | 135,897 | 75,431 |
| Adjustments in respect of prior years | | (75,325) |
| Total current tax charge (credit) | <u>135,897</u> | <u>106</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | | |
| Prior year items | | |
| Total deferred tax charge (credit) | <u></u> | <u></u> |
| Total taxation (effective tax rate – 339.1%; 2005 – 0.1%) | <u><u>135,897</u></u> | <u><u>106</u></u> |
| Tax reconciliation | | |
| Profit on ordinary activities before taxation | <u>40,075</u> | <u>153,543</u> |
| Tax on profit on ordinary activities at UK corporation tax rate of 30% (2005 - 30%) | 12,023 | 46,063 |
| Effects of: | | |
| Capital allowances | | |
| Tax losses and other timing differences | (2,338,256) | (471,856) |
| Expenses not deductible for tax purposes | 2,462,130 | 501,224 |
| Transfer pricing adjustments | | |
| Adjustments in respect of prior years | | (75,325) |
| Current tax charge (credit) | <u><u>135,897</u></u> | <u><u>106</u></u> |

Included in the tax charge is a net charge of £Nil (2005 - £Nil) attributable to property sales.

The unprovided tax which would arise on the disposal of properties at valuation after available loss relief but without recourse to tax structuring is in the region of £Nil (2005 - £3.1m).

This unprovided taxation is stated after taking account of the FRS 19 capital allowance deferred tax provision of £Nil (2005 - £Nil) recorded in the balance sheet which, as described in note 10, would be expected to be released on sale. The unprovided tax without taking account of the FRS 19 provision is in the region of £Nil (2005 - £3.1m).

FRP GROUP LIMITED

**Notes to the accounts
for the year ended 31 March 2006**

5. Investment and development properties

| | Development £ | Freehold £ | Long leasehold £ | Total £ |
|--|------------------|-------------------|------------------------|-------------------|
| Cost and valuation | | | | |
| 1 April 2005 | | 18,713,000 | | 18,713,000 |
| Additions | | | | |
| Disposals | | (5,852,600) | | (5,852,600) |
| Group transfers - to fellow subsidiary | | (12,420,399) | | (12,420,399) |
| Revaluation surplus (deficit) | | (15,000) | | (15,000) |
| 31 March 2006 | <u>-</u> | <u>425,001</u> | <u>-</u> | <u>425,001</u> |
| Analysis of cost and valuation | | | | |
| 31 March 2006 | | | | |
| Cost | | 231,528 | | 231,528 |
| Revaluation | | 193,473 | | 193,473 |
| Net book value | <u>-</u> | <u>425,001</u> | <u>-</u> | <u>425,001</u> |
| 1 April 2005 | | | | |
| Cost | | 10,532,559 | | 10,532,559 |
| Revaluation | | 8,180,441 | | 8,180,441 |
| Net book value | <u>-</u> | <u>18,713,000</u> | <u>-</u> | <u>18,713,000</u> |

Properties were externally valued at 31 March 2006 by Knight Frank, Chartered Surveyors, on the basis of Market Value in accordance with the Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors.

FRP GROUP LIMITED

**Notes to the accounts
for the year ended 31 March 2006**

6. Investments and loans to group companies

| | Shares in subsidiaries £ | Other investments £ | Total £ | Loans to Group companies £ |
|---------------------------------------|---|------------------------------------|--------------------|---|
| At cost or directors' valuation | | | | |
| 1 April 2005 | 162,337 | | 162,337 | |
| Additions | 12,455,400 | | 12,455,400 | |
| Disposals | (12,330,846) | | (12,330,846) | |
| Group transfer - to fellow subsidiary | (124,554) | | (124,554) | |
| Provision for write-down | | | | |
| Revaluation | | | | |
| 31 March 2006 | <u>162,337</u> | <u>-</u> | <u>162,337</u> | <u>-</u> |
| Provision for write-down | | | | |
| 1 April 2005 | | | | |
| Provision for write-down | | | | |
| Disposals | 162,337 | | 162,337 | |
| 31 March 2006 | <u>162,337</u> | <u>-</u> | <u>162,337</u> | <u>-</u> |
| At cost | | | | |
| 31 March 2006 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 1 April 2005 | <u>162,337</u> | <u>-</u> | <u>162,337</u> | <u>-</u> |

Subsidiaries

The company has investments in the following subsidiaries. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

| | Activity | Interest % |
|----------------------------------|-----------------|-----------------------|
| F.R.P. Investments Limited | Dormant | 100 |
| Fell Property Management Limited | Dormant | 100 |

These companies are incorporated in Great Britain.

FRP GROUP LIMITED

**Notes to the accounts
for the year ended 31 March 2006**

| 7. Debtors | 2006 £ | 2005 £ |
|--|-------------------|-------------------|
| Trade debtors | 18,775 | 24,696 |
| Amounts owed by group companies - current accounts | 13,060,002 | |
| Corporation tax | | |
| Other debtors | | 7,674 |
| Prepayments and accrued income | | |
| | <u>13,078,777</u> | <u>32,370</u> |

Included in prepayments and accrued income is an amount of £Nil (2005 - £Nil), relating to lease incentives which are amortised over the period to the next rent review.

| 8. Creditors due within one year | 2006 £ | 2005 £ |
|--|-------------------|-------------------|
| Trade creditors | | |
| Amounts owed to group companies - current accounts | 19 | 2,287,124 |
| Corporation tax | 211,328 | 152,257 |
| Other taxation and social security | | |
| Other creditors | 27,590 | 18,951 |
| Accruals and deferred income | | 36,805 |
| | <u>238,937</u> | <u>2,495,137</u> |

Amounts owed to fellow group companies are repayable on demand. Interest on these balances is charged on the basis of LIBOR plus a margin.

| 9. Creditors due after one year | 2006 £ | 2005 £ |
|--|-------------------|-------------------|
| Debentures and loans | | |
| due 1 to 2 years | | |
| due 2 to 5 years | | |
| due after 5 years | | |
| | <u>-</u> | <u>-</u> |

FRP GROUP LIMITED

**Notes to the accounts
for the year ended 31 March 2006**

10. Provision for liabilities

| | Sinking fund | Deferred tax | Total |
|---|---------------------|---------------------|--------------|
| | £ | £ | £ |
| 1 April 2005 | | | |
| Charged (credited) to the profit and loss account | | | |
| Released | | | |
| Utilised in year | | | |
| 31 March 2006 | <u>-</u> | <u>-</u> | <u>-</u> |

Deferred tax is provided as follows

| | 2006 | 2005 |
|--------------------------------|-------------|-------------|
| | £ | £ |
| Accelerated capital allowances | | |
| Other timing differences | | |
| | <u>-</u> | <u>-</u> |

The deferred tax provision relates primarily to capital allowances claimed on plant and machinery within investment properties. When a property is sold and the agreed disposal value for this plant and machinery is less than original cost there is a release of the surplus part of the provision. The entire amount of the capital allowance provision would be expected to be released on sale.

11. Share capital

| | 2006 | 2005 |
|---|------------------|------------------|
| | £ | £ |
| Authorised | | |
| 3,984,170 Ordinary 25p Shares | 996,043 | 996,043 |
| 4,999,940 Ordinary 50p Shares | 2,499,970 | 2,499,970 |
| 160 Ordinary A of 50p each | 80 | 80 |
| | <u>3,496,093</u> | <u>3,496,093</u> |
| Allotted, called up and fully paid | | |
| 1,259,622 Ordinary 25p Shares | 314,905 | 314,905 |
| 2,493,432 Ordinary 50p Shares | 1,246,716 | 1,246,716 |
| 160 Ordinary A of 50p each | 80 | 80 |
| | <u>1,561,701</u> | <u>1,561,701</u> |

FRP GROUP LIMITED

**Notes to the accounts
for the year ended 31 March 2006**

12. Directors' interests in share and loan capital

No director held a beneficial interest in the share capital of the company. Sir John Ritblat and Messrs. S A M Hester, J H Weston Smith, R E Bowden and G C Roberts are also directors of The British Land Company PLC and, as such, their interests in the share and loan capital, including share options, of that company are shown in the accounts of the ultimate holding company. The beneficial interests of the other directors in the ultimate holding company are as follows:-

**Fully paid
Ordinary shares**

| | 31 March 2006 | 1 April 2005 |
|---------------|--------------------------|-------------------------|
| C Metliss | 111,115 | 120,245 |
| M I Gunston | 27,123 | 76,263 |
| C M J Forshaw | 9,616 | 8,746 |
| J Taylor | | |

Options over ordinary shares

| 1984 Option Scheme | Sharesave Scheme |
|-------------------------------|-----------------------------|
|-------------------------------|-----------------------------|

| | 31 March 2006 | 1 April 2005 | 31 March 2006 | 1 April 2005 |
|---------------|--------------------------|-------------------------|--------------------------|-------------------------|
| C Metliss | | | 1,954 | 1,954 |
| M I Gunston | | | 1,462 | 1,462 |
| C M J Forshaw | | | 1,462 | 1,462 |
| J Taylor | | | | |

**Rights under
Restricted Share
Plan
Ordinary shares**

**Rights under
Long Term Incentive Plan
Options over
Ordinary shares**

| | 31 March 2006 | 1 April 2005 | 31 March 2006 | 1 April 2005 | 31 March 2006 | 1 April 2005 |
|---------------|--------------------------|-------------------------|--------------------------|-------------------------|--------------------------|-------------------------|
| C Metliss | | | | | | |
| M I Gunston | | 4,000 | | | | |
| C M J Forshaw | 5,000 | 13,000 | 22,876 | 14,772 | 56,472 | 44,316 |
| J Taylor | | | 1,066 | 1,066* | 3,199 | 3,199* |

* On Date of Appointment, 7 February 2006

Granting, exercising and lapsing of options

C Forshaw was granted options over 12,156 shares, 7,126 had an option price of 877p per share, and 5,030 had an option price 994p per share, all under British Land's Long Term Incentive Plan.

FRP GROUP LIMITED

**Notes to the accounts
for the year ended 31 March 2006**

13. Reconciliation of movements in shareholders' funds and reserves

| | Share capital £ | Share premium £ | Revaluation reserve £ | Other unrealised reserve £ | Profit and loss account £ | Total £ |
|--|--------------------|-----------------------|-----------------------------|-------------------------------------|---------------------------------|-------------------|
| Opening shareholders' funds | 1,561,701 | 551,430 | 8,180,441 | 606,392 | 5,512,606 | 16,412,570 |
| Retained profit (loss) for the year | | | | | (2,970,392) | (2,970,392) |
| Share issues in the year | | | | | | |
| Unrealised surplus (deficit) on revaluation of investment properties | | | (15,000) | | | (15,000) |
| Unrealised surplus (deficit) on revaluation of investments | | | | | | |
| Unrealised surplus (deficit) on revaluation of subsidiaries | | | | | | |
| Realisation of prior year revaluations | | | (7,971,968) | | 7,971,968 | |
| Taxation on the realisation of prior year revaluations | | | | | | |
| Exchange movements on net investments | | | | | | |
| Closing shareholders' funds | <u>1,561,701</u> | <u>551,430</u> | <u>193,473</u> | <u>606,392</u> | <u>10,514,182</u> | <u>13,427,178</u> |

FRP GROUP LIMITED

Notes to the accounts for the year ended 31 March 2006

14. Capital commitments

The company had capital commitments contracted at 31 March 2006 of £Nil (2005 - £Nil).

15. 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*.

16. 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.

Sir John Ritblat has an effective 1.24% equity interest and is non-executive chairman of Colliers CRE PLC, who are amongst the Group's managing agents and as such receive fees for their services.

17. Subsequent events

There have been no significant events since the year end.

18. Immediate parent and ultimate holding company

The immediate parent company is Union Property Holdings (London) Limited

The British Land Company PLC is the smallest and largest group for which group accounts are available and which include the company. The ultimate holding company and controlling party is The British Land Company PLC, which is incorporated in Great Britain. Group accounts for this company are available on request from 10 Cornwall Terrace, Regent's Park, London NW1 4QP.