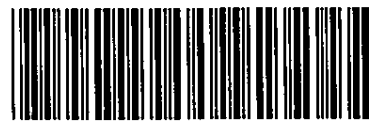

British Land In Town Retail Limited

Annual Report and Accounts

Year ended 31 March 2011

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Company number: 3325066

British Land In Town Retail Limited

REPORT OF THE DIRECTORS **for the year ended 31 March 2011**

The directors submit their report and financial statements for the year ended 31 March 2011

Principal activities

The company is a wholly owned subsidiary of The British Land Company PLC and operates as a constituent of The British Land Company PLC group of companies (the "group"). The company's principal activity is property investment in the United Kingdom (UK).

Business review

As shown in the company's profit and loss account on page 5, the company's turnover has decreased by 12.1% over the prior year and loss before tax has decreased by 97.6% over the prior year.

Dividends of £nil (2010: £nil) were paid in the year. Dividends paid are shown in note 11.

The balance sheet on page 7 shows that the company's financial position at the year end is, in net liability terms, consistent with the prior year.

The value of investment properties held as at 31 March 2011 increased by 2.4%, due to revaluation movements during the year then ended as shown in note 5 to the company's balance sheet.

The performance of the group, 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, if any, are contained in note 15.

Risk management

This company is part of a large property investment group. As such, the fundamental underlying risks for this company are those of the property group as discussed below.

The company generates returns to shareholders through long-term investment decisions requiring the evaluation of opportunities arising in the following areas:

- demand for space from occupiers against available supply,
- identification and execution of investment and development strategies which are value enhancing,
- availability of financing or refinancing at an acceptable cost,
- economic cycles, including their impact on tenant covenant quality, interest rates, inflation and property values,
- legislative changes, including planning consents and taxation,
- engagement of development contractors with strong covenants,
- key staff changes, and
- environmental and health and safety policies.

These opportunities also represent risks, the most significant being change to the value of the property portfolio. This risk has high visibility to senior executives and is considered and managed on a continuous basis. Executives use their knowledge and experience to knowingly accept a measured degree of market risk.

The company's preference for prime assets and their secure long term contracted rental income, primarily with upward only rent review clauses, presents lower risks than many other property portfolios.

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

The directors consider the company to be a going concern and the accounts are prepared on this basis. Details of this are shown in note 1 of the financial statements.

British Land In Town Retail Limited

REPORT OF THE DIRECTORS for the year ended 31 March 2011

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. The group's full corporate responsibility report is available online at www.britishland.com/crReport2011

Directors

The directors who served during the year were

A Braine
S M Barzycki
C M J Forshaw
L M Bell
P C Clarke (resigned 16 August 2010)
G C Roberts (resigned 30 June 2011)
T A Roberts
N M Webb

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with Companies Act 2006. 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.

Payments policy

In the absence of dispute, amounts due to trade and other suppliers are settled as expeditiously as possible within their terms of payment. Payments are administered on a consistent basis throughout the group by The British Land Company PLC whose suppliers' days outstanding at 31 March 2011 were 29 (2010: 34).

British Land In Town Retail Limited

REPORT OF THE DIRECTORS
for the year ended 31 March 2011

Disclosure of information to Auditor

Each of the persons who is a director at the date of approval of this report confirms that

(a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and


(b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Auditor

Deloitte LLP have indicated their willingness to continue in office and will be re-appointed at the end of the "next period for appointing auditor" as defined by s485(2) of the Companies Act 2006

This report was approved by the Board on 16 December 2011



A Braine
Secretary

British Land In Town Retail Limited

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
British Land In Town Retail Limited
for the year ended 31 March 2011**

We have audited the financial statements of British Land In Town Retail Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. 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 an auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

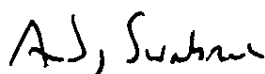
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Andrew Swarbrick BA FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, UK

15 December 2011

British Land In Town Retail Limited

**PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2011**

	Note	2011 £	2010 £
Turnover			
Rental income		1,053,228	1,197,834
Fees and commissions		-	-
Total turnover		<u>1,053,228</u>	<u>1,197,834</u>
Cost of sales		(108,742)	(1,503,612)
Gross profit (loss)		<u>944,486</u>	<u>(305,778)</u>
Administrative expenses		(195,835)	(539,518)
Operating profit (loss)		<u>748,651</u>	<u>(845,296)</u>
(Loss) profit on disposal of properties		(895)	-
Profit on disposal of investments		-	-
Group transfer of investments			
Write down of investments in properties		-	(1,559,098)
Dividends receivable		-	-
Profit (loss) on ordinary activities before interest		<u>747,756</u>	<u>(2,404,394)</u>
Interest receivable			
Group		-	-
Associated companies		-	-
External - other		1,812	1,007
Interest payable			
Group		(828,029)	(903,965)
Associated companies			
External		-	-
- bank overdrafts and loans			
- other loans			
Loss on ordinary activities before taxation	2	<u>(78,461)</u>	<u>(3,307,352)</u>
Taxation	4	-	-
Loss for the financial year	11	<u><u>(78,461)</u></u>	<u><u>(3,307,352)</u></u>

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

British Land In Town Retail Limited

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2011**

	2011	2010
	£	£
Loss on ordinary activities after taxation	(78,461)	(3,307,352)
Unrealised surplus (deficit) on revaluation of investment properties	301,546	450,000
Taxation on realisation of prior year revaluations	-	-
Total recognised gains and losses relating to the financial year	<u>223,085</u>	<u>(2,857,352)</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 31 March 2010**

	2011	2010
	£	£
Profit (Loss) on ordinary activities before taxation	(78,461)	(3,307,352)
Realisation of prior year revaluations	(942,303)	
Historical cost on ordinary activities before taxation	<u>(1,020,764)</u>	<u>(3,307,352)</u>
Historical cost for the retained after taxation	<u>(1,020,764)</u>	<u>(3,307,352)</u>

British Land In Town Retail Limited

**BALANCE SHEET
as at 31 March 2011**

	Note	2011 £	2010 £
Fixed assets			
Investment properties	5	12,876,692	12,573,596
Investments	6	-	-
		<u>12,876,692</u>	<u>12,573,596</u>
Current assets			
Debtors - due within one year	7	5,374,203	5,684,776
Cash and deposits		-	-
		<u>5,374,203</u>	<u>5,684,776</u>
Creditors due within one year	8	(68,856,895)	(69,087,457)
		<u>(68,856,895)</u>	<u>(69,087,457)</u>
Net current liabilities		(63,482,692)	(63,402,681)
Total assets less current liabilities		<u>(50,606,000)</u>	<u>(50,829,085)</u>
Creditors due after one year	9	-	-
		<u>-</u>	<u>-</u>
Net liabilities		<u>(50,606,000)</u>	<u>(50,829,085)</u>
Capital and reserves			
Called up share capital	10	2,597,417	2,597,417
Share premium	11	-	-
Revaluation reserve	11	(9,962,278)	(11,206,127)
Profit and loss account	11	(43,241,139)	(42,220,375)
Shareholders' funds	11	<u>(50,606,000)</u>	<u>(50,829,085)</u>

The financial statements of British Land In Town Retail Limited, company number 3325066, were approved by the Board of Directors on 16 December 2011 and signed on its behalf by


T Breine
Director

British Land In Town Retail Limited

Notes to the accounts for the year ended 31 March 2011

1 Accounting policies

The principal accounting policies adopted by the directors are summarised below. They have been applied consistently throughout the current and 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 left blank intentionally.

Accounting basis

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

Where the company has subsidiaries, it has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 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 16).

Basis of Preparation

The balance sheet shows that the company has net liabilities. However, the principal creditor is the ultimate parent company and the terms of the borrowing include the right of the subsidiary to request that amount of the loan equal to any deficit be eliminated by converting the loan into share capital. Moreover the directors consider that the company has adequate resources to continue trading for the foreseeable future, and a working capital cycle enabling the company to meet all liabilities as they fall due.

As a consequence of this the directors feel that the company is well placed to manage its business risks successfully in the current economic climate. Accordingly, they believe the going concern basis is an appropriate one.

Cash flow statement

The company is exempt under FRS 1 (Revised) from preparing a cash flow statement.

Properties

Properties are externally valued on an open market basis at the balance sheet date. Investment and development properties are recorded at valuation. 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. Disposals are recognised on completion. Profit on disposal is determined as the difference between sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus additions in the period.

In accordance with Statement of Standard Accounting Practice 19, no depreciation is provided in respect of investment property. 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 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.

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

In determining whether leases and related properties represent operating or finance leases, consideration is given to whether the tenant or landlord bears the risks and rewards of ownership.

British Land In Town Retail Limited

Notes to the accounts **for the year ended 31 March 2011**

1 Accounting policies (continued)

Investments

Fixed asset investments are stated at the lower of cost and the underlying net asset value of the investments

Taxation

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are not taxable (or tax deductible). In particular the group (including this company) became a REIT on 1 January 2007 and income and gains on qualifying assets are now exempt from taxation.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net 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. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Where a rent free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the next rent review date. Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the shorter of the entire lease term or the period to the first break option. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure the carrying value of the related property including the accrued rent does not exceed the external valuation.

Initial direct costs incurred in negotiating and arranging a new lease are amortised on a straight-line basis over the period from the date of lease commencement to the next rent review date.

Where a lease incentive payment, including surrender premiums paid, does not enhance the value of a property, it is amortised on a straight-line basis over the period from the date of lease commencement to the next rent review date. Upon receipt of a surrender premium for the early determination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned is immediately reflected in income.

British Land In Town Retail Limited

**Notes to the accounts
for the year ended 31 March 2011**

2 Loss on ordinary activities before taxation

Auditor's remuneration

A notional charge of £1,200 (2010 £1,200) per company is deemed payable to Deloitte LLP in respect of the audit of the financial statements. Actual amounts payable to Deloitte LLP are paid at group level by The British Land Company PLC

No non-audit fees (2010 £nil) were paid to Deloitte LLP

3 Staff costs

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

Average number of employees, excluding directors, of the company during the year was nil (2010 - nil)

4 Taxation	2011	2010
	£	£
Current tax		
UK corporation tax	-	-
Adjustments in respect of prior years	-	-
Total current taxation charge (credit)	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Prior year items		
Total deferred tax charge (credit)	<u>-</u>	<u>-</u>
Total taxation charge (credit)	<u>-</u>	<u>-</u>
Tax reconciliation		
Loss on ordinary activities before taxation	<u>(78,461)</u>	<u>(3,307,352)</u>
Tax on loss on ordinary activities at UK corporation tax rate of 28% (2010 28%)	(21,969)	(926,059)
Effects of		
REIT conversion charge	-	-
REIT exempt income and gains	3,910	4,887
Capital allowances	(3,910)	(4,887)
Tax losses and other timing differences	-	-
(Income not taxable) expenses not deductible for tax purposes	205	579,075
Transfer pricing adjustments	96,250	-
Group relief (claimed) surrendered for nil consideration	(74,486)	346,984
Adjustments in respect of prior years	-	-
Current tax charge (credit)	<u>-</u>	<u>-</u>

Included in the tax charge is a net charge of £nil (2010 £nil) attributable to property sales

On 23 March 2011 the Government announced that the main rate of corporation tax would reduce to 26% with effect from 1 April 2011. This tax rate reduction was substantively enacted at the balance sheet date and therefore deferred tax balances have been calculated using a rate of 26%. The Government also announced subsequent 1% reductions per annum to reach 23% with effect from 1 April 2014. These tax rate reductions had not been substantively enacted at the balance sheet date and therefore have not been reflected in the financial statements. The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

British Land In Town Retail Limited

**Notes to the accounts
for the year ended 31 March 2011**

5 Investment properties

	Development £	Freehold £	Long leasehold £	Short leasehold £	Total £
At valuation					
1 April 2010	-	12,123,594	450,002	-	12,573,596
Additions	-	1,550	-	-	1,550
Disposals	-	-	-	-	-
Revaluation surplus (deficit)	-	401,546	(100,000)	-	301,546
31 March 2011	-	12,526,690	350,002	-	12,876,692
Analysis of cost and valuation					
31 March 2011					
Cost	-	22,013,969	825,001	-	22,838,970
Revaluation	-	(9,487,279)	(474,999)	-	(9,962,278)
Net book value	-	12,526,690	350,002	-	12,876,692
1 April 2010					
Cost	-	22,954,722	825,001	-	23,779,723
Revaluation	-	(10,831,128)	(374,999)	-	(11,206,127)
Net book value	-	12,123,594	450,002	-	12,573,596

Properties were valued as at 31 March 2011 by Knight Frank LLP on the basis of Market Value, in accordance with the Appraisal and Valuation Standards, sixth edition, published by The Royal Institution of Chartered Surveyors

The values of the lease incentives £123,511 (2010 £176,607) and the fixed and guaranteed rent review debtor of £nil (2010 £nil) are excluded from the net book value above and are included within debtors - Note 7

During the current year it was assessed by the directors that a proportion of the downward revaluation on the company's properties should be shown as a permanent diminution in value. Accordingly, £942,303 of the brought forward downward revaluation on the freehold properties has been transferred from the revaluation reserve to the profit and loss reserve (see note 11)

British Land In Town Retail Limited

**Notes to the accounts
for the year ended 31 March 2011**

6 Investments

	Shares in subsidiaries	Other investments	Total
	£	£	£
At cost or underlying net asset value of investment			
1 April 2010	-	-	-
Additions	-	-	-
Disposals	-	-	-
Provision written-back (written-down)	-	-	-
31 March 2011	-	-	-
	<hr/>	<hr/>	<hr/>
Provision for underlying net asset change			
1 April 2010	-	-	-
Provision written-back (written-down)	-	-	-
Disposals	-	-	-
31 March 2011	-	-	-
	<hr/>	<hr/>	<hr/>
At cost			
31 March 2011	-	-	-
	<hr/>	<hr/>	<hr/>
1 April 2010	-	-	-
	<hr/>	<hr/>	<hr/>

British Land In Town Retail Limited

**Notes to the accounts
for the year ended 31 March 2011**

7 Debtors	2011	2010
	£	£
Current debtors (receivable within one year)		
Trade debtors	7,894	81,779
Amounts owed by group companies - current accounts	5,236,447	5,236,447
Amounts owed by associated companies - current accounts	-	-
Corporation tax	-	-
Other debtors	-	-
Prepayments and accrued income	129,862	366,550
	<u>5,374,203</u>	<u>5,684,776</u>

Included in prepayments and accrued income is an amount of £123,511 (2010 £176,607), relating to lease incentives, and an amount of £nil (2010 £nil) relating to a fixed and guaranteed rent review debtor, which are amortised over the period to the next rent review which may be due after more than one year

8 Creditors due within one year	2011	2010
	£	£
Trade creditors	14,058	10,174
Amounts owed to group companies - current accounts	67,636,354	67,788,149
Amounts owed to associated companies - current accounts	-	-
Corporation tax	863,887	863,887
Other taxation and social security	87,985	83,902
Other creditors	-	-
Accruals and deferred income	254,611	341,345
	<u>68,856,895</u>	<u>69,087,457</u>

Amounts owed to fellow group companies are repayable on demand with interest being charged on balances outstanding at the ultimate parent company's weighted average cost of debt plus a margin

British Land In Town Retail Limited

Notes to the accounts
for the year ended 31 March 2011

9 Creditors due after one year (including borrowings)

	2011	2010
	£	£
Debentures and loans		
due 1 to 2 years	-	-
due 2 to 5 years	-	-
due after 5 years	-	-
	<u>-</u>	<u>-</u>

10 Share capital

	2011	2010
	£	£
Issued share capital - allotted, called up and fully paid		
Ordinary Shares of £1 00 each		
Balance as at 1 April and as at 31 March 2,597,417 shares	<u>2,597,417</u>	<u>2,597,417</u>

British Land In Town Retail Limited

**Notes to the accounts
for the year ended 31 March 2011**

11 Reconciliation of movements in shareholders' funds and reserves

	Share capital £	Share premium £	Revaluation reserve £	Hedging & translation reserve £	Profit and loss account £	Total £
Opening shareholders' funds	2,597,417	-	(11,206,127)	-	(42,220,375)	(50,829,085)
Loss for the financial year	-	-	-	-	(78,461)	(78,461)
Dividends	-	-	-	-	-	-
Share issues in the year	-	-	-	-	-	-
Unrealised surplus (deficit) on revaluation of investment properties	-	-	301,546	-	-	301,546
Realisation of prior year valuations (See note 5)	-	-	942,303	-	(942,303)	-
Closing shareholders' funds	<u>2,597,417</u>	<u>-</u>	<u>(9,962,278)</u>	<u>-</u>	<u>(43,241,139)</u>	<u>(50,606,000)</u>

British Land In Town Retail Limited

**Notes to the accounts
for the year ended 31 March 2011**

12 Capital commitments

The company had capital commitments contracted as at 31 March 2011 of £nil (2010 £nil)

13 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

14 Related parties

The company has taken advantage of the exemption granted to wholly owned subsidiaries not to disclose transactions with group companies under the provisions of Financial Reporting Standard 8

15 Subsequent events

There have been no significant events since the year end

16 Immediate parent and ultimate holding company

The immediate parent company is BL High Street and Shopping Centres Holding Company 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. Group accounts for this company are available on request from British Land, York House, 45 Seymour Street, London, W1H 7LX