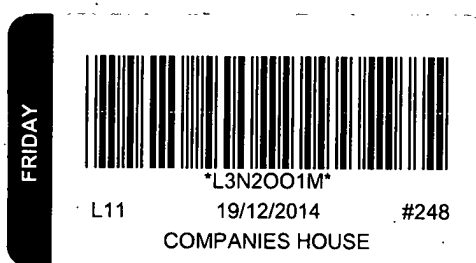

BL Grenfell Limited

Annual Report and Accounts

Year ended 31 March 2014



Company number: 3625959

**STRATEGIC REPORT
for the year ended 31 March 2014**

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 British Land Company PLC group of companies (the "group"). The company's principal activity is property investment in the United Kingdom (UK).

As shown in the company's profit and loss account on page 5, the company's turnover has remained consistent with the prior year and profit before tax has increased by 46.9% over the prior year.

Dividends of £nil (2013: £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 asset terms, an increase on the prior year.

The value of investment properties held as at 31 March 2014 increased by 6.7%, 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.

Principal risks and uncertainties

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:

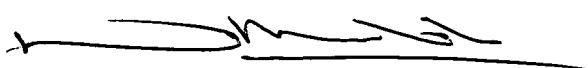
- demand for space from occupiers against available supply;
- identification and execution of investment and development strategies which are value enhancing;
- availability of financing or refinancing at an acceptable cost;
- economic cycles, including their impact on tenant covenant quality, interest 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. Interest can be charged at nil% where the company is not active or where to do so would put the company in financial difficulty.

This report was approved by the Board on 2nd December 2014



~~Niall Webb~~ NIALL WEBB
~~Secretary~~ DIRECTOR

**REPORT OF THE DIRECTORS
for the year ended 31 March 2014**

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report for the year ended 31 March 2014.

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/crReport2014.

Directors

The directors who served throughout the year were:

S M Barzycki
C M J Forshaw
L M Bell
T A Roberts
C S A Maudsley
N M Webb
S G Carter
B T Grose
J M Vandevivere

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 2014 were 32 (2013 : 29).

Subsequent events

Details of significant events since the balance sheet date, if any, are contained in note 15.

Going concern

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.

BL Grenfell Limited

**REPORT OF THE DIRECTORS
for the year ended 31 March 2014**

Disclosure of information to Auditor

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

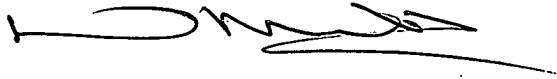
- (a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish 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 was the auditor of the company for the year ended 31 March 2014. Subsequent to the year end PricewaterhouseCoopers LLP was appointed auditor for the year ending 31 March 2015.

This report was approved by the Board on 2nd December 2014.



~~Nigel Webb~~ NIGEL WEBB
~~Secretary~~ DIRECTOR

BL Grenfell Limited

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BL Grenfell Limited
for the year ended 31 March 2014**

We have audited the financial statements of BL Grenfell Limited for the year ended 31 March 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material 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 2014 and of its profit 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.

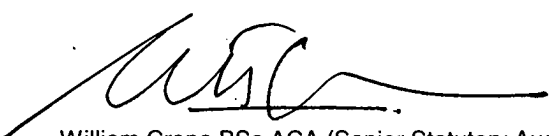
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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.


William Crane BSc ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, UK

2 December 2014

BL Grenfell Limited**PROFIT AND LOSS ACCOUNT**
for the year ended 31 March 2014

	Note	2014 £	2013 £
Turnover			
Rental income		5,557,457	5,559,323
Fees and commissions		-	-
Total turnover		<u>5,557,457</u>	<u>5,559,323</u>
Cost of sales		(602)	(14,568)
Gross profit		<u>5,556,855</u>	<u>5,544,755</u>
Administrative expenses		(996,774)	(1,139,238)
Write up of investments in subsidiaries		-	-
Operating profit		<u>4,560,081</u>	<u>4,405,517</u>
Profit on disposal of properties		-	-
Profit on disposal of investments		-	-
Group transfer of investments		-	-
Dividends receivable		-	-
Profit on ordinary activities before interest		<u>4,560,081</u>	<u>4,405,517</u>
Interest receivable			
Group		-	-
Associated companies		-	-
External - other		-	-
Interest payable			
Group		(2,353,055)	(2,903,370)
Associated companies		-	-
External - bank overdrafts and loans		-	-
- other loans		-	-
Profit on ordinary activities before taxation	2	<u>2,207,026</u>	<u>1,502,147</u>
Taxation	4	63,350	51,899
Profit for the financial year	11	<u><u>2,270,376</u></u>	<u><u>1,554,046</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.

BL Grenfell Limited

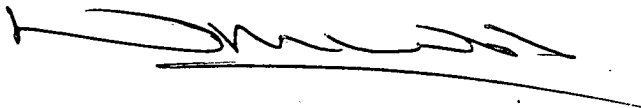
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2014

	2014	2013
	£	£
Profit on ordinary activities after taxation	2,270,376	1,554,046
Unrealised surplus (deficit) on revaluation of investment properties	4,897,902	(700,000)
Total recognised gains and losses relating to the financial year	<u>7,168,278</u>	<u>854,046</u>

BL Grenfell Limited**BALANCE SHEET
as at 31 March 2014**

	Note	2014 £	2013 £
Fixed assets			
Investment properties	5	77,500,000	72,600,000
Investments	6	-	-
		<u>77,500,000</u>	<u>72,600,000</u>
Current assets			
Debtors - due within one year	7	9,932	8,365,827
Cash and deposits		-	32,711
		<u>9,932</u>	<u>8,398,538</u>
Creditors due within one year	8	(64,482,771)	(75,139,655)
		<u>(64,482,771)</u>	<u>(75,139,655)</u>
Net current liabilities		(64,472,839)	(66,741,117)
Total assets less current liabilities		<u>13,027,161</u>	<u>5,858,883</u>
Creditors due after one year	9	-	-
		<u>-</u>	<u>-</u>
Net assets		<u><u>13,027,161</u></u>	<u><u>5,858,883</u></u>
Capital and reserves			
Called up share capital	10	2	2
Revaluation reserve	11	33,630,041	28,732,139
Profit and loss account	11	(20,602,882)	(22,873,258)
Shareholders' funds	11	<u><u>13,027,161</u></u>	<u><u>5,858,883</u></u>

The financial statements of BL Grenfell Limited, company number 3625959, were approved by the Board of Directors on 2nd December 2014 and signed on its behalf by:



Director

NIAEL WEBB

BL Grenfell Limited

Notes to the accounts for the year ended 31 March 2014

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 current and total 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 the amount of the loan equal to any deficit be eliminated by converting the loan into share capital. The directors consider that any remaining external liabilities will be funded via the intercompany account with The British Land Company PLC post 31 March 2014.

As a consequence of this the directors feel that the company can continue to trade for the foreseeable future and 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.

BL Grenfell Limited

**Notes to the accounts
for the year ended 31 March 2014**

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 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.

BL Grenfell Limited**Notes to the accounts
for the year ended 31 March 2014****2. Profit on ordinary activities before taxation****Auditor's remuneration**

A notional charge of £1,750 (2013: £1,750) 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 (2013 : £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 (2013 : nil).

4. Taxation	2014	2013
	£	£
Current tax		
UK corporation tax	-	255,949
Adjustments in respect of prior years	(63,350)	(307,848)
Total current taxation charge (credit)	(63,350)	(51,899)
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax charge (credit)	-	-
Total taxation charge (credit)	(63,350)	(51,899)
Tax reconciliation		
Profit on ordinary activities before taxation	2,207,026	1,502,147
Tax on profit on ordinary activities at UK corporation tax rate of 23%(2013: 24%)	507,616	360,515
Effects of:		
REIT conversion charge	-	-
REIT exempt income and gains	(416,567)	(68,527)
Capital allowances	(91,049)	(115,296)
Tax losses and other timing differences	-	-
(Income not taxable) expenses not deductible for tax purposes	-	-
Transfer pricing adjustments	-	79,257
Group relief (claimed) surrendered for nil consideration	-	-
Adjustments in respect of prior years	(63,350)	(307,848)
Current tax charge (credit)	(63,350)	(51,899)

The Finance Act 2013, which provides for reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% from 1 April 2015, was substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

BL Grenfell Limited**Notes to the accounts
for the year ended 31 March 2014****5. Investment properties**

	Development £	Freehold £	Long leasehold £	Short leasehold £	Total £
At valuation					
1 April 2013	-	72,600,000	-	-	72,600,000
Additions	-	2,098	-	-	2,098
Disposals	-	-	-	-	-
Revaluation surplus (deficit)	-	4,897,902	-	-	4,897,902
31 March 2014	-	77,500,000	-	-	77,500,000
Analysis of cost and valuation					
31 March 2014					
Cost	-	43,869,959	-	-	43,869,959
Revaluation	-	33,630,041	-	-	33,630,041
Net book value	-	77,500,000	-	-	77,500,000
1 April 2013					
Cost	-	43,867,861	-	-	43,867,861
Revaluation	-	28,732,139	-	-	28,732,139
Net book value	-	72,600,000	-	-	72,600,000

Properties were valued as at 31 March 2014 by Knight Frank LLP on the basis of Market Value, in accordance with the RICS Valuation – Professional Standards 2014, Ninth Edition, published by The Royal Institution of Chartered Surveyors.

BL Grenfell Limited**Notes to the accounts
for the year ended 31 March 2014****6. Investments**

	Shares in subsidiaries £	Other investments £	Total £
At cost or underlying net asset value of investment			
1 April 2013	-	-	-
Additions	-	-	-
Disposals	-	-	-
Provision written-back (written-down)	-	-	-
31 March 2014	-	-	-
Provision for underlying net asset change			
1 April 2013	-	-	-
Provision written-back (written-down)	-	-	-
Disposals	-	-	-
31 March 2014	-	-	-
At cost			
31 March 2014	-	-	-
1 April 2013	-	-	-

BL Grenfell Limited**Notes to the accounts
for the year ended 31 March 2014**

7. Debtors	2014	2013
	£	£
Current debtors (receivable within one year)		
Trade debtors	-	-
Amounts owed by group companies - current accounts	-	8,361,737
Amounts owed by associated companies - current accounts	-	-
Corporation tax	-	-
Other debtors	-	-
Prepayments and accrued income	9,932	4,090
VAT	-	-
	<u>9,932</u>	<u>8,365,827</u>

8. Creditors due within one year	2014	2013
	£	£
Trade creditors	11,537	4,361
Amounts owed to group companies - current accounts	63,034,590	73,657,046
Amounts owed to associated companies - current accounts	-	-
Corporation tax	90,061	153,411
Other taxation and social security	54,159	25,153
Other creditors	-	3,286
Accruals and deferred income	1,292,424	1,296,398
	<u>64,482,771</u>	<u>75,139,655</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 while the subsidiary is active and if the interest charged does not put the subsidiary in financial difficulty.

BL Grenfell Limited

**Notes to the accounts
for the year ended 31 March 2014**

9. Creditors due after one year (including borrowings)

	2014	2013
	£	£
Debentures and loans		
due 1 to 2 years	-	-
due 2 to 5 years	-	-
due after 5 years	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

10. Share capital

	2014	2013
	£	£
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 shares	<u>2</u>	<u>2</u>

BL Grenfell Limited**Notes to the accounts
for the year ended 31 March 2014****11. Reconciliation of movements in shareholders' funds and reserves**

	Share capital	Revaluation reserve	Profit and loss account	Total
	£	£	£	£
Opening shareholders' funds	2	28,732,139	(22,873,258)	5,858,883
Profit for the financial year	-	-	2,270,376	2,270,376
Dividends	-	-	-	-
Shares allotted in the year	-	-	-	-
Unrealised surplus (deficit) on revaluation of investment properties	-	4,897,902	-	4,897,902
Realisation of prior year revaluations	-	-	-	-
Closing shareholders' funds	<u>2</u>	<u>33,630,041</u>	<u>(20,602,882)</u>	<u>13,027,161</u>

BL Grenfell Limited

**Notes to the accounts
for the year ended 31 March 2014**

12. Capital commitments

The company had capital commitments contracted as at 31 March 2014 of £nil (2013 : £nil).

13. Contingent liabilities

The company is jointly and severally liable with the immediate parent 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 (Maidenhead) 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.