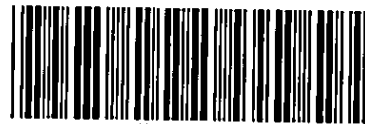

BRITISH LAND INVESTMENT MANAGEMENT LTD

Annual Report and Accounts

Year ended 31 March 2009

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COMPANIES HOUSE

Company number: 4088640

BRITISH LAND INVESTMENT MANAGEMENT LTD

REPORT OF THE DIRECTORS for the year ended 31 March 2009

The directors submit their report and financial statements for the year ended 31 March 2009.

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 to market and be the operator of unregulated collective investment schemes.

Business review

As shown in the company's profit and loss account on page 5, the company's turnover has decreased by 79.4% over the prior year and profit before tax has decreased by 79.1% over the prior year.

Dividends of £nil (2008: £nil) were paid in the year. Dividends paid are shown in note 12.

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

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 16.

The subsidiaries, if any, held by the company are listed in note 6. 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.

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 group 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;
- differential pricing for premium locations and buildings;
- alternative use for buildings;
- demand for returns from investors in property, compared to other asset classes;
- economic cycles, including their impact on tenant covenant quality, interest rates, inflation and property values;
- price differentials for capital to finance the business;
- legislative changes, including planning consents and taxation; and
- construction pricing and programming.

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 group'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 has no third party debt. It therefore has no interest rate exposure.

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 INVESTMENT MANAGEMENT LTD

REPORT OF THE DIRECTORS for the year ended 31 March 2009

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/crReport/2009.

Directors

The directors who served during the year were:

A M Jones
P J Martin

Statement of directors' responsibilities

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

The directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law).

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 these 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 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 proper accounting records that 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 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 2009 were 32 (31 March 2008: 24).

BRITISH LAND INVESTMENT MANAGEMENT LTD

**REPORT OF THE DIRECTORS
for the year ended 31 March 2009**

Disclosure of information to Auditors

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

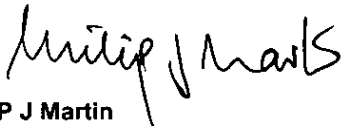
- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish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

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Auditors

A resolution to reappoint Deloitte LLP as the company's auditors will be proposed at the Annual General Meeting.

This report was approved by the Board on 24 July 2009



P J Martin
Secretary

BRITISH LAND INVESTMENT MANAGEMENT LTD

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BRITISH LAND INVESTMENT MANAGEMENT LTD
for the year ended 31 March 2009**

We have audited the financial statements of British Land Investment Management Limited for the year ended 31 March 2009 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 17. 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 an 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

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 company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte LLP
Chartered Accountants and Registered Auditors
London

27.7.2009

BRITISH LAND INVESTMENT MANAGEMENT LTD

**PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2009**

	Note	2009 £	2008 £
Turnover			
Rental income			
Fees and commissions		47,500	10,006
Other trading income			220,552
Total turnover		<u>47,500</u>	<u>230,558</u>
Cost of sales			
Gross profit		<u>47,500</u>	<u>230,558</u>
Administrative expenses			
Operating profit		<u>47,500</u>	<u>230,558</u>
Profit on disposal of properties			
Profit on disposal of investments			
Group transfer of investments			
Write down of investments in subsidiaries			
Dividends receivable			
Profit on ordinary activities before interest		<u>47,500</u>	<u>230,558</u>
Interest receivable			
Group			
Associated companies			
External - other		665	152
Interest payable			
Group			
Associated companies			
External			
- bank overdrafts and loans			
- other loans			
Profit on ordinary activities before taxation	2	<u>48,165</u>	<u>230,710</u>
Taxation	4		(69,213)
Profit for the financial year		<u><u>48,165</u></u>	<u><u>161,497</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 marketing and being the operator of unregulated collective investment schemes.

BRITISH LAND INVESTMENT MANAGEMENT LTD

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2009

	2009	2008
	£	£
Profit on ordinary activities after taxation	48,165	161,497
Unrealised surplus (deficit) on revaluation of investment properties		
Unrealised surplus (deficit) on revaluation of investments		
Unrealised surplus (deficit) on revaluation of subsidiaries		
Derivative valuation and exchange translation movements on net investments		
Taxation on realisation of prior year revaluations		
Total recognised gains and losses relating to the financial year	<u>48,165</u>	<u>161,497</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 31 March 2009

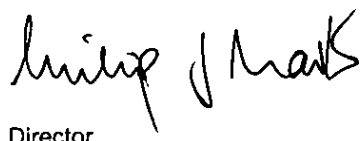
	2009	2008
	£	£
Profit on ordinary activities before taxation	48,165	230,710
Realisation of prior year revaluations		
Historical cost profit on ordinary activities before taxation	<u>48,165</u>	<u>230,710</u>
Historical cost profit for the year retained after taxation	<u>48,165</u>	<u>161,497</u>

BRITISH LAND INVESTMENT MANAGEMENT LTD

**BALANCE SHEET
as at 31 March 2009**

	Note	2009 £	£	2008 £	£
Fixed assets					
Investment properties	5				
Plant and Machinery					
Investments	6				
Current assets					
Debtors	7	1,258,318		1,211,132	
Cash and deposits		20,374		19,708	
		<u>1,278,692</u>		<u>1,230,840</u>	
Creditors due within one year	8	(386,084)		(386,397)	
		<u></u>		<u></u>	
Net current assets			892,608		844,443
Total assets less current liabilities			<u>892,608</u>		<u>844,443</u>
Creditors due after one year	9				
Provision for liabilities	10				
Net assets			<u>892,608</u>		<u>844,443</u>
Capital and reserves					
Called up share capital	11		10,000		10,000
Share premium	12				
Revaluation reserve	12				
Profit and loss account	12		882,608		834,443
Shareholders' funds	12		<u>892,608</u>		<u>844,443</u>

These financial statements were approved by the Board of Directors on 24 July 2009



Director

BRITISH LAND INVESTMENT MANAGEMENT LTD

Notes to the accounts for the year ended 31 March 2009

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 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 17).

Basis of preparation

The directors consider that the company has adequate resources to continue trading for the foreseeable future, with no external borrowings 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 despite 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 cashflow 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.

Financial liabilities

Debt instruments are stated at their net proceeds on issue. Finance charges including premiums payable on settlement or redemption and direct issue costs are spread over the period to redemption, using the effective interest method.

BRITISH LAND INVESTMENT MANAGEMENT LTD

Notes to the accounts for the year ended 31 March 2009

1. Accounting policies (continued)

Investments

Fixed asset investments are stated at cost less provision for impairment.

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 group'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 INVESTMENT MANAGEMENT LTD

**Notes to the accounts
for the year ended 31 March 2009**

2. Profit (loss) on ordinary activities before taxation	2009	2008
	£	£

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

Amortisation

Depreciation

Auditors' remuneration

A notional charge of £1,200 (2008: £1,150) 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.

3. Staff costs	2009	2008
	£	£

Wages and salaries

Social security costs

Pension costs

<u> </u>	<u> </u>
<u> </u>	<u> </u>

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

Average number of employees, excluding directors, of the company during the year was nil (2008 - nil).

BRITISH LAND INVESTMENT MANAGEMENT LTD**Notes to the accounts
for the year ended 31 March 2009**

4. Taxation	2009	2008
	£	£
Current tax		
UK corporation tax		69,213
Adjustments in respect of prior years		
Total current tax charge (credit)		69,213
Deferred tax		
Origination and reversal of timing differences		
Prior year items		
Total deferred tax charge (credit)		
Total taxation charge (credit)	-	69,213
Tax reconciliation		
Profit on ordinary activities before taxation	48,165	230,710
Tax on profit on ordinary activities at UK corporation tax rate of 28% (2008: 30%)	13,486	69,213
Effects of:		
REIT conversion charge		
REIT exempt income and gains		
Capital allowances		
Tax losses and other timing differences		
(Income not taxable) expenses not deductible for tax purposes		
Transfer pricing adjustments		
Group relief (claimed) surrendered for nil consideration	(13,486)	
Adjustments in respect of prior years		
Current tax charge (credit)	-	69,213

Included in the tax charge is a net charge of £nil (2008: £nil) attributable to property sales.

BRITISH LAND INVESTMENT MANAGEMENT LTD

Notes to the accounts for the year ended 31 March 2009

5. Property

	Development £	Freehold £	Long leasehold £	Short leasehold £	Total £
At valuation					
1 April 2008					
Additions					
Disposals					
Group transfers - in					
Group transfers - out					
Revaluation surplus (deficit)					
31 March 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Analysis of cost and valuation					
31 March 2009					
Cost					
Revaluation					
Net book value	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1 April 2008					
Cost					
Revaluation					
Net book value	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Properties were valued as at 31 March 2009 by Knight Frank LLP, Chartered Surveyors, as external valuers on the basis of market value in accordance with the requirements of the Royal Institution of Chartered Surveyors Valuation Standards, sixth edition.

BRITISH LAND INVESTMENT MANAGEMENT LTD**Notes to the accounts
for the year ended 31 March 2009****6. Investments**

	Shares in subsidiaries £	Other investments £	Total £
At cost or directors' valuation			
1 April 2008			
Additions			
Disposals			
Group Transfers - in			
Group Transfers - out			
Provision for write-down			
Revaluation			
31 March 2009	-	-	-
Provision for write-down			
1 April 2008			
Provision for write-down			
Disposals			
31 March 2009	-	-	-
At cost or directors' valuation excluding provision for write-down			
31 March 2009	-	-	-
1 April 2008	-	-	-

BRITISH LAND INVESTMENT MANAGEMENT LTD**Notes to the accounts
for the year ended 31 March 2009**

7. Debtors	2009	2008
	£	£
Current debtors (receivable within one year)		
Trade debtors	14,374	18,632
Amounts owed by group companies - current accounts	1,243,944	1,192,500
Amounts owed by associated companies - current accounts		
Corporation tax		
Other debtors		
Prepayments and accrued income		
	<u>1,258,318</u>	<u>1,211,132</u>

Included in prepayments and accrued income is an amount of £nil (2008 : £nil), relating to lease incentives which are amortised over the period to the next rent review which may be due after more than one year.

Long-term debtors (receivable after more than one year)

Amounts owed by group companies - Long term loans	<u>-</u>	<u>-</u>
---	----------	----------

8. Creditors due within one year	2009	2008
	£	£
Trade creditors		
Amounts owed to group companies - current accounts	214,593	214,593
Amounts owed to associated companies - current accounts		
Corporation tax	134,667	134,667
Other taxation and social security	1,875	2,189
Other creditors	34,949	34,948
Accruals and deferred income		
	<u>386,084</u>	<u>386,397</u>

Amounts owed to fellow group companies are repayable on demand. There is no interest charged on these balances.

BRITISH LAND INVESTMENT MANAGEMENT LTD

**Notes to the accounts
for the year ended 31 March 2009**

9. Creditors due after one year (including borrowings.)		2009	2008
		£	£
Debtures 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. Provision for liabilities

	Sinking fund	Deferred tax	Total
	£	£	£
1 April 2008			
Charged (credited) to the profit and loss account			
Released			
Utilised in year			
31 March 2009	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>

Deferred tax is provided as follows

	2009	2008
	£	£
Accelerated capital allowances		
Other timing differences		
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

BRITISH LAND INVESTMENT MANAGEMENT LTD

**Notes to the accounts
for the year ended 31 March 2009**

11. Share capital

	2009	2008
	£	£
Authorised share capital		
Ordinary Shares of £1.00 each		
Balance as at 1 April and as at 31 March : 100,000 shares	<u>100,000</u>	<u>100,000</u>
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 : 10,000 shares	<u>10,000</u>	<u>10,000</u>

BRITISH LAND INVESTMENT MANAGEMENT LTD**Notes to the accounts
for the year ended 31 March 2009****12. 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	10,000				834,443	844,443
Profit for the financial year					48,165	48,165
Dividends						
Share issues in the year						
Unrealised surplus (deficit) on revaluation of investment properties						
Unrealised surplus (deficit) on revaluation of investments						
Unrealised surplus (deficit) on revaluation of subsidiaries						
Realisation of prior year revaluations						
Taxation on the realisation of prior year revaluations						
Derivative valuation and exchange translation movements on net investments						
Closing shareholders' funds	10,000	-	-	-	882,608	892,608

BRITISH LAND INVESTMENT MANAGEMENT LTD

Notes to the accounts for the year ended 31 March 2009

13. Capital commitments

The company had capital commitments contracted as at 31 March 2009 of £nil (2008 : £nil).

14. Contingent liabilities

The company is jointly and severally liable with British Land Fund Management Limited and fellow subsidiaries for all monies falling due under the group VAT registration.

15. 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.

16. Subsequent events

There have been no significant events since the year end.

17. Immediate parent and ultimate holding company

The immediate parent company is Pillar Property Group 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 and registered in England and Wales. Group accounts for this company are available on request from British Land, York House, 45 Seymour Street, London, W1H 7LX.