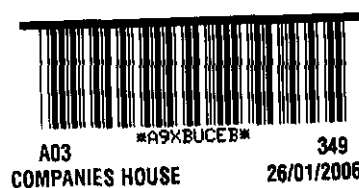

CLIVARA (NO 1) LIMITED
(FORMERLY SPIRIT WISLEY LIMITED)

Annual Report and Accounts

For the period from incorporation
on 26 August 2004 to 31 March 2005



Company number: 5215386

CLIVARA (No 1) LIMITED

REPORT OF THE DIRECTORS for the period from 26 August 2004 to 31 March 2005

The directors present their Annual Report and audited Accounts from incorporation on 26 August 2004 to 31 March 2005. The company was incorporated as Spirit Wisley Limited. On 27 October 2004 its name was changed to Clivara (No 1) Limited.

Principal activity

The principal activity of the company is that of property investment.

Review of business and prospects

The activities and prospects of this and other group companies are reviewed in the Chairman's Statement, Financial Review and Property Review of The British Land Company PLC, the ultimate holding company. There are no planned significant changes to the company's activities.

Details of significant events since the balance sheet date are contained in note 18 of the financial statements.

Results and dividends

The results for the period are set out in the profit and loss account on page 4.

The directors do not recommend the payment of a dividend.

Directors

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

Sir John Ritblat (Appointed 15 October 2004)
S A M Hester (Appointed 07 January 2005)
J H Weston Smith (Appointed 15 October 2004)
N S J Ritblat (Appointed 15 October 2004; Resigned 31 August 2005)
R E Bowden (Appointed 15 October 2004)
G C Roberts (Appointed 15 October 2004)
J R Jackson (Appointed 27 August 2004, Resigned 15 October 2004)
D K Walmsley (Appointed 27 August 2004, Resigned 15 October 2004)

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.

CLIVARA (No 1) LIMITED

**REPORT OF THE DIRECTORS
for the period from 26 August 2004 to 31 March 2005**

Auditors

The auditors, Deloitte & Touche LLP were appointed during the period in accordance with section 385 of the Companies Act 1985.

This report was approved by the Board on 24 JAN 2006

A handwritten signature in dark ink, appearing to read 'R J Scudamore', is written over the printed name and title.

R J Scudamore
Secretary

10 Cornwall Terrace
Regent's Park
London
NW1 4QP

CLIVARA (No 1) LIMITED

**INDEPENDENT AUDITORS' REPORT
for the period from 26 August 2004 to 31 March 2005**

To the members of CLIVARA (No 1) LIMITED

We have audited the financial statements of Clivara (No 1) Limited for the period ended 31 March 2005 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 19. 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 United Kingdom law and accounting standards. Our responsibility is to audit the accounts in accordance with United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the directors' report for the above period 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 United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 of the state of affairs of the company at 31 March 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors

London

23 January 2006

CLIVARA (No 1) LIMITED

PROFIT AND LOSS ACCOUNT
for the period from 26 August 2004 to 31 March 2005

	Note	2005 £
Turnover		
Rental income		8,497,628
Fees and commissions		
Other trading income		
Total turnover		<u>8,497,628</u>
Cost of turnover		(2,600)
Gross profit (loss)		<u>8,495,028</u>
Administrative expenses		(161,998)
Operating profit (loss)		<u>8,333,030</u>
Profit (loss) on disposal of properties		
Profit (loss) on disposal of investments		
Group transfer of investments		
Write down of investments in subsidiaries		
Dividends receivable		
Interest receivable		
Group		
Associated companies		
External - other		
Interest payable		
Group		(3,519,452)
External		(1,027,295)
- bank overdrafts and loans		
- other loans		
Profit (loss) on ordinary activities before taxation	2	<u>3,786,283</u>
Taxation	4	(1,135,885)
Profit (loss) on ordinary activities after taxation		<u>2,650,398</u>
Dividends paid and proposed		
Retained profit (loss) for the period	13	<u><u>2,650,398</u></u>

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

CLIVARA (No 1) LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the period from 26 August 2004 to 31 March 2005**

	2005 £
Profit (loss) on ordinary activities after taxation	2,650,398
Unrealised surplus (deficit) on revaluation of investment properties	24,413,162
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 period	<u>27,063,560</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the period from 26 August 2004 to 31 March 2005**

	2005 £
Profit (loss) on ordinary activities before taxation	3,786,283
Realisation of prior year revaluations	
Historical cost profit (loss) on ordinary activities before taxation	<u>3,786,283</u>
Historical cost profit (loss) for the period retained after taxation	<u>2,650,398</u>

CLIVARA (No 1) LIMITED

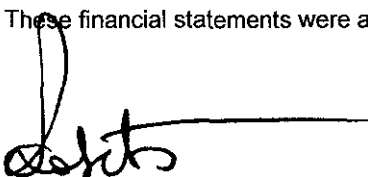
**BALANCE SHEET
as at 31 March 2005**

	Note	2005 £
Fixed assets		
Investment properties	5	184,653,637
Plant		
Investments	6	
Loans to group companies	6	
		<hr/> 184,653,637
Current assets		
Debtors	7	3,777,834
Cash and deposits		
		<hr/> 3,777,834
Creditors due within one year	8	(161,367,909)
		<hr/>
Net current assets (liabilities)		(157,590,075)
		<hr/>
Total assets less current liabilities		27,063,562
		<hr/>
Creditors due after one year	9	
		<hr/>
Net assets (liabilities)		<u>27,063,562</u>
Capital and reserves		
Called up share capital	11	2
Share premium	13	
Revaluation reserve	13	24,413,162
Other unrealised reserve	13	
Profit and loss account	13	2,650,398
		<hr/>
Equity shareholders' funds	13	<u>27,063,562</u>

Non-equity interests are stated in note 17.

These financial statements were approved by the Board of Directors on

24 JAN 2006



G C Roberts
Director

CLIVARA (No 1) LIMITED

Notes to the accounts for the period from 26 August 2004 to 31 March 2005

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.

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.

CLIVARA (No 1) LIMITED

Notes to the accounts for the period from 26 August 2004 to 31 March 2005

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.

CLIVARA (No 1) LIMITED

**Notes to the accounts
for the period from 26 August 2004 to 31 March 2005**

2. Profit (loss) on ordinary activities before taxation **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 **2005**
£

Wages and salaries
Social security costs
Pension costs

=====

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

Average number of employees, including directors, of the company during the period was Nil.

CLIVARA (No 1) LIMITED

**Notes to the accounts
for the period from 26 August 2004 to 31 March 2005**

4. Taxation	2005
	£
Current tax	
UK corporation tax	2,485,885
Adjustments in respect of prior years	
Total current tax charge (credit)	<u>2,485,885</u>
Deferred tax	
Origination and reversal of timing differences	(1,350,000)
Prior year items	
Total deferred tax charge (credit)	<u>(1,350,000)</u>
Total taxation (effective tax rate – 30%)	<u><u>1,135,885</u></u>
 Tax reconciliation	
Profit on ordinary activities before taxation	<u>3,786,283</u>
Tax on profit on ordinary activities at UK corporation tax rate of 30%	1,135,885
Effects of:	
Capital allowances	
Tax losses and other timing differences	1,350,000
Expenses not deductible for tax purposes	
Transfer pricing adjustments	
Adjustments in respect of prior years	
Current tax charge (credit)	<u><u>2,485,885</u></u>

Included in the tax charge is a net charge of £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 £31.1m.

This unprovided taxation is stated after taking account of the FRS19 capital allowance deferred tax provision of £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 £31.1m.

CLIVARA (No 1) LIMITED

**Notes to the accounts
for the period from 26 August 2004 to 31 March 2005**

5. Investment and development properties

	Development £	Freehold £	Long leasehold £	Total £
Cost and valuation				
26 August 2004				
Additions		160,240,475		160,240,475
Disposals				
Group transfers				
Revaluation surplus (deficit)		24,413,162		24,413,162
31 March 2005	<u>-</u>	<u>184,653,637</u>	<u>-</u>	<u>184,653,637</u>
Analysis of cost and valuation				
31 March 2005				
Cost		160,240,475		160,240,475
Revaluation		24,413,162		24,413,162
Net book value	<u>-</u>	<u>184,653,637</u>	<u>-</u>	<u>184,653,637</u>

Properties were externally valued at 31 March 2005 by Atisreal, Chartered Surveyors, on the basis of Market Value in accordance with the Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors.

Properties valued at £Nil were charged to secure borrowings of the ultimate holding company.

CLIVARA (No 1) LIMITED

**Notes to the accounts
for the period from 26 August 2004 to 31 March 2005**

6. Investments and loans to group companies

	Shares in subsidiaries £	Other investments £	Total £	Loans to Group companies £
At cost or directors' valuation				
26 August 2004				
Additions				
Disposals				
Provision for write-down				
Revaluation				
31 March 2005	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Provision for write-down				
26 August 2004				
Provision for write-down				
Disposals				
31 March 2005	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

CLIVARA (No 1) LIMITED

**Notes to the accounts
for the period from 26 August 2004 to 31 March 2005**

7. Debtors **2005**
£

Trade debtors	
Amounts owed by group companies - current accounts	
Corporation tax	
Other debtors	
Prepayments and accrued income	2,427,834
Deferred tax asset (see note 10)	1,350,000
	<hr/>
	3,777,834
	<hr/>

Included in prepayments and accrued income is an amount of £2.0m (2004 - £Nil), relating to lease incentives which are amortised over the period to the next rent review.

8. Creditors due within one year **2005**
£

Trade creditors	
Amounts owed to group companies - current accounts	156,008,815
Corporation tax	2,485,885
Other taxation and social security	418,401
Other creditors	
Accruals and deferred income	2,454,808
	<hr/>
	161,367,909
	<hr/>

9. Creditors due after one year **2005**
£

Debentures and loans	due 1 to 2 years	
	due 2 to 5 years	
	due after 5 years	
		<hr/>
		-
		<hr/>

CLIVARA (No 1) LIMITED

**Notes to the accounts
for the period from 26 August 2004 to 31 March 2005**

10. Deferred tax asset

	Sinking fund £	Deferred tax £	Total £
26 August 2004			
Charged (credited) to the profit and loss account		(1,350,000)	(1,350,000)
Released			
Utilised in			
31 March 2005	<u>-</u>	<u>(1,350,000)</u>	<u>(1,350,000)</u>

Deferred tax is provided as follows

	2005 £
Accelerated capital allowances	
Other timing differences	(1,350,000)
	<u>(1,350,000)</u>

Other timing differences relate to available tax losses in the company.

11. Share capital

	2005 £
Authorised	
100 ordinary shares of £1 each	100
	<u>100</u>
Allotted, called up and fully paid	
2 ordinary shares of £1 each	2
	<u>2</u>

During the period the company allotted 2 ordinary shares with a nominal value of £1 for intercompany debt of £2.

CLIVARA (No 1) LIMITED

**Notes to the accounts
for the period from 26 August 2004 to 31 March 2005**

12. Directors' interests in share and loan capital

No director held a beneficial interest in the share capital of the company. Messrs. Sir John Ritblat, S A M Hester, J H Weston Smith, N S J Ritblat, 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.

CLIVARA (No 1) LIMITED

**Notes to the accounts
for the period from 26 August 2004 to 31 March 2005**

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						
Retained profit (loss) for the year					2,650,398	2,650,398
Share issues in the period	2					2
Unrealised surplus (deficit) on revaluation of investment properties			24,413,162			24,413,162
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						
Exchange movements on net investments						
Closing shareholders' funds	<u>2</u>	<u>-</u>	<u>24,413,162</u>	<u>-</u>	<u>2,650,398</u>	<u>27,063,562</u>

CLIVARA (No 1) LIMITED

Notes to the accounts for the period from 26 August 2004 to 31 March 2005

14. Capital commitments

The company had capital commitments contracted at 31 March 2005 of £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 1.25% equity interest and is non-executive chairman of Fitzhardinge PLC, which is the holding company of Colliers Conrad Ritblat Erdman who are the company's managing agents and as such receive fees for their services.

17. Non-equity interests

Shareholders' funds includes non-equity interests of £Nil.

18. Subsequent events

There have been no significant events since the year end.

19. Immediate parent and ultimate holding company

The immediate parent company is Clivara 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.

The ultimate holding company has confirmed in writing that it will not demand repayment of amounts owed to it within twelve months of the date of signing of these accounts.