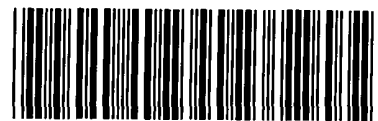

BL Leisure and Industrial Holding Company Limited

Annual Report and Accounts

Year ended 31 March 2017

Company number: 05995024

WEDNESDAY



L6JPI7H

LD6

22/11/2017

#84

COMPANIES HOUSE

BL Leisure and Industrial Holding Company Limited

CONTENTS
for the year ended 31 March 2017

Page:

1	Strategic Report
3	Directors' Report
5	Independent Auditors' Report to the Members of BL Leisure and Industrial Holding Company Limited
7	Profit and Loss Account
8	Statement of Comprehensive Income
9	Balance Sheet
10	Statement of Changes in Equity
11	Notes to the Accounts

BL Leisure and Industrial Holding Company Limited

**STRATEGIC REPORT
for the year ended 31 March 2017**

The directors present their Strategic Report for the year ended 31 March 2017.

Principal activities

BL Leisure and Industrial Holding Company Limited ("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 that of an investment holding company in the United Kingdom (UK).

Business review

As shown in the company's Profit and Loss Account on page 7, the company has no turnover (2016: £nil) and profit on ordinary activities before taxation is £8.5m compared to profit on ordinary activities before taxation of £31.3m in the prior year.

Dividends of £nil (2016: £nil) were paid in the year.

The Balance Sheet on page 9 shows that the company's financial position at the year end is, in net asset terms, an increase compared with the prior year.

The value of investments held as at 31 March 2017 increased by 0.66% due to underlying net asset value adjustment made during the year then ended as shown in note 5 to the company's Balance Sheet.

The Board uses total return, to monitor the performance of the company. This is a measure of growth in total equity per share, adding back any current year dividend.

The company is a subsidiary of The British Land Company PLC. The company's strategy is the same as the group's strategy – to deliver an above average annualised total return to shareholders, which is achieved by creating attractive environments in the right places focused around the people who work, shop and live in them.

The expected future developments of the company are determined by the strategy of the group. There are no future developments outside of the company's current operations planned.

For more information also see the The British Land Company PLC group annual report.

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 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;
- 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 directors and is considered and managed on a continuous basis. Directors 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.

BL Leisure and Industrial Holding Company Limited

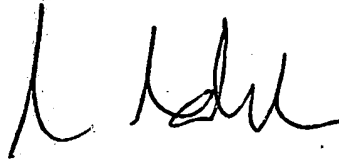
**STRATEGIC REPORT (CONTINUED)
for the year ended 31 March 2017**

Principal risks and uncertainties (continued)

The company has no third party debt. It therefore has no interest rate exposure.

The financial risks for the company are managed in accordance with the group financial risk management policy, as disclosed in the consolidated group accounts.

This report was approved by the Board on 17/11/17 and signed by the order of the board by:



C. MIDDLETON

Director

**DIRECTORS' REPORT
for the year ended 31 March 2017**

The directors present their Annual Report on the affairs of the company, together with the audited financial statements and independent auditors' report for the year ended 31 March 2017.

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 sustainability report is available online at www.britishland.com/sustainability/reports-and-publications/2017.

Directors

The directors who were in office during the year and up to the date of signing the financial statements were:

S M Barzycki
L M Bell
C M J Forshaw (resigned 5 April 2017)
B Lewis
P Macey
J McNuff
C Middleton
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 the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. 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 judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; 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 the 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.

The company has indemnified its current directors. The indemnity arrangements are qualifying indemnity provisions under the Companies Act 2006 and are currently in force at the date of this Annual Report.

Subsequent events

Details of significant events since the Balance Sheet date, if any, are contained in note 10.

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 Leisure and Industrial Holding Company Limited

DIRECTORS' REPORT (CONTINUED)
for the year ended 31 March 2017

Disclosure of information to auditors

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

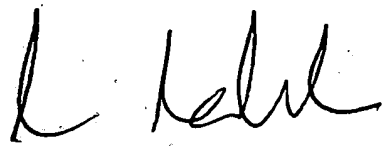
- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish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

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next Board Meeting.

This report was approved by the Board on 17/11/17 and signed by the order of the board by:



C. MIDDLETON

Director

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BL LEISURE AND INDUSTRIAL HOLDING COMPANY LIMITED
for the year ended 31 March 2017**

Report on the financial statements

Our opinion

In our opinion, BL Leisure and Industrial Holding Company Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 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.

What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the Balance Sheet as at 31 March 2017;
- the Profit and Loss Account and the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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; and

the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BL LEISURE AND INDUSTRIAL HOLDING COMPANY LIMITED (CONTINUED)
for the year ended 31 March 2017**

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

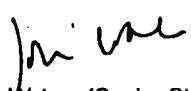
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Accounts 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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.


John Waters (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

11 November 17

BL Leisure and Industrial Holding Company Limited

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2017

	Note	2017 £	2016 £
Income from shares in group undertakings		-	17,114,025
Operating profit		-	17,114,025
Write back of provision on investments in subsidiaries	5	8,494,148	14,184,361
Profit on ordinary activities before taxation	2	8,494,148	31,298,386
Tax on profit on ordinary activities	4	-	-
Profit for the financial year		8,494,148	31,298,386

BL Leisure and Industrial Holding Company Limited

**STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2017**

	2017 £	2016 £
Profit for the financial year	8,494,148	31,298,386
Total comprehensive income for the year	<u>8,494,148</u>	<u>31,298,386</u>

BL Leisure and Industrial Holding Company Limited

BALANCE SHEET
as at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	5	1,288,970,967	1,280,476,819
		<u>1,288,970,967</u>	<u>1,280,476,819</u>
Current assets			
Debtors	6	129,487,213	129,487,213
		<u>129,487,213</u>	<u>129,487,213</u>
Net assets		<u>1,418,458,180</u>	<u>1,409,964,032</u>
Capital and reserves			
Called up share capital	7	1,408,500,899	1,408,500,899
Profit and loss account		<u>9,957,281</u>	<u>1,463,133</u>
Total equity		<u>1,418,458,180</u>	<u>1,409,964,032</u>

The financial statements of BL Leisure and Industrial Holding Company Limited, company number 05995024, on pages 7 to 15, were approved by the Board of Directors and authorised for issue on 17/11/17 and signed on its behalf by:



C. MIDDLETON

Director

BL Leisure and Industrial Holding Company Limited

**STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2017**

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 April 2015	1,408,500,899	(29,835,253)	1,378,665,646
Profit for the financial year	-	31,298,386	31,298,386
Total comprehensive income for the year	-	31,298,386	31,298,386
Balance at 31 March 2016	1,408,500,899	1,463,133	1,409,964,032
Profit for the financial year	-	8,494,148	8,494,148
Total comprehensive income for the year	-	8,494,148	8,494,148
Balance at 31 March 2017	<u>1,408,500,899</u>	<u>9,957,281</u>	<u>1,418,458,180</u>

**NOTES TO THE ACCOUNTS
for the year ended 31 March 2017**

1. Accounting policies

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

Basis of preparation

The company is incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is York House, 45 Seymour Street, London, W1H 7LX.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of The British Land Company PLC.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) The requirements of IAS 1 to provide a Balance Sheet at the beginning of the year in the event of a prior year adjustment;
- (b) The requirements of IAS 1 to provide a Statement of Cash flows for the year;
- (c) The requirements of IAS 1 to provide a statement of compliance with IFRS;
- (d) The requirements of IAS 1 to disclose information on the management of capital;
- (e) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose new IFRSs that have been issued but are not yet effective;
- (f) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (g) The requirements of paragraph 17 of IAS 24 Related Party Disclosures to disclose key management personnel compensation;
- (h) The requirements of IFRS 7 to disclose financial instruments; and
- (i) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose information of fair value valuation techniques and inputs.

Disclosure exemptions for subsidiaries are permitted where the relevant disclosure requirements are met in the consolidated financial statements. Where required, equivalent disclosures are given in the group accounts of The British Land Company PLC. The group accounts of The British Land Company PLC are available to the public and can be obtained as set out in note 11.

Going concern

Having reviewed the company's forecast working capital and cash flow requirements, in addition to making enquiries and examining areas which could give risk to financial exposure, the directors have a reasonable expectation that the company has adequate resources to continue its operations for the foreseeable future. As a result they continue to adopt the going concern basis in preparing the accounts.

**NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2017**

1. Accounting policies (continued)

Significant judgements and sources of estimation uncertainty

The key source of estimation uncertainty relates to the valuation of investments, where an external valuation is obtained. In accounting for net rental income, the group is required to judge the recoverability of any income accrued and provides against the credit risk on these amounts. The potential for management to make judgements or estimates relating to those items which would have a significant impact on the financial statements is considered, by the nature of the group's business, to be limited.

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).

Deferred tax is provided on items that may become taxable at a later date, on the difference between the Balance Sheet value and tax base value, on an undiscounted basis.

Shares in group undertakings

Shares in group undertakings, including dividends received from fellow group subsidiaries, are recognised in profit and loss account in the period to which they relate.

2. Profit on ordinary activities before taxation

Auditors' remuneration

A notional charge of £1,030 (2016: £1,000) is deemed payable to PricewaterhouseCoopers LLP in respect of the audit of the financial statements. Actual amounts payable to PricewaterhouseCoopers LLP are paid at group level by The British Land Company PLC.

No non-audit fees (2016: £nil) were paid to PricewaterhouseCoopers LLP.

3. Staff numbers and costs

No director received any remuneration for services to the company in either year. The remuneration of the directors was borne by another company within the group, for which no apportionment or recharges were made.

Average number of employees, excluding directors, of the company during the year was nil (2016: nil).

NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2017

4. Tax on profit on ordinary activities

	2017	2016
	£	£
Current tax		
UK corporation tax	-	-
Total current taxation charge	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax charge	-	-
Total taxation charge	-	-
Tax reconciliation		
Profit on ordinary activities before taxation	8,494,148	31,298,386
Tax on profit on ordinary activities at UK corporation tax rate of 20% (2016: 20%)	1,698,830	6,259,677
Effects of:		
(Decrease)/increase in fair value of investment property	(1,698,830)	-
Expenses not deductible/(income not taxable) for tax purposes	-	(6,259,677)
Transfer pricing adjustments	664,252	672,938
Group relief claimed for nil consideration	(664,252)	(672,938)
Total tax expense	-	-

Reductions to the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) were substantively enacted on 26 October 2015. A further reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the Balance Sheet date, where relevant.

BL Leisure and Industrial Holding Company Limited

**NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2017**

5. Investments

	Shares in subsidiaries £	Total £
Underlying net asset value of investment 1 April 2016	1,280,476,819	1,280,476,819
Provision written-back	8,494,148	8,494,148
31 March 2017	1,288,970,967	1,288,970,967
Underlying net asset value of investment 1 April 2015	1,266,292,458	1,266,292,458
Provision written-back	14,184,361	14,184,361
31 March 2016	1,280,476,819	1,280,476,819
Provisions for underlying net asset change 1 April 2016	(16,492,714)	(16,492,714)
Provision written back	8,494,148	8,494,148
31 March 2017	(7,998,566)	(7,998,566)
Provisions for underlying net asset change 1 April 2015	(30,677,075)	(30,677,075)
Provision written back	14,184,361	14,184,361
31 March 2016	(16,492,714)	(16,492,714)
At cost 31 March 2017	1,296,969,533	1,296,969,533
31 March 2016	1,296,969,533	1,296,969,533

The company has investments in the following subsidiaries, unless noted otherwise the registered address of each company is York House, 45 Seymour Street, London, W1H 7LX.

Subsidiary	Principal activity	Interest	Country
British Land Industrial Limited	Investment holding	100%	England & Wales
BVP Developments Limited	Investment holding	99.99%	England & Wales
British Land Leisure Limited	Property investment	100%	England & Wales
Nugent Shopping Park Limited	Property investment	100%	England & Wales
Broadgate Court Investments Limited	Dormant	100%	England & Wales
Balsenia Limited	Dormant	100%	England & Wales
BL Fixed Uplift Fund Nominee No.1 Limited ¹	Dormant	100%	Jersey
BL Fixed Uplift Fund Nominee No.2 Limited ¹	Dormant	100%	Jersey
BL Fund Limited ¹	Dormant	100%	Jersey
BL Goodman (LP) Limited	Investment holding	100%	England & Wales
British Land Investments N V ²	Property investment	100%	Netherlands
Chrisilu Nominees Limited	Dormant	100%	England & Wales
Teesside Leisure Park Limited	Property management	51%	England & Wales

The company has investments in the following indirect joint ventures:

Joint Venture	Principal activity	Interest	Country
BL Goodman Limited Partnership	Property trading	50%	England & Wales
BL Goodman (General Partner) Limited	General partner	50%	England & Wales
BL Goodman Nominee 1 Limited	Dormant	50%	England & Wales
BL Goodman Nominee 2 Limited	Dormant	50%	England & Wales
BL ESOP Limited ³	Dormant	50%	Isle of Man
The British Land Corporation Limited	Dormant	50%	England & Wales

NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2017

5. Investments (continued)

The company has indirect investments in the following other entities:

Investments	Principal activity	Interest	Country
BL Fixed Uplift Fund Limited Partnership	Property investment	20%	England & Wales
Kingsmere Productions Limited	Dormant	10%	England & Wales
The Liverpool Exchange Company Limited	Non-trading	1%	England & Wales

¹ 47 Esplanade, St Helier, Jersey, JE1 0BD, Jersey.

² Leidsekade 102, 1017 PP, Amsterdam, Netherlands.

³ 62 Bucks Road, Douglas, Isle of Man.

The company holds ordinary shares in the above subsidiary companies.

6. Debtors

	2017	2016
	£	£
Current debtors (due within one year)		
Amounts owed by group companies - current accounts	129,487,213	129,487,213
	<u>129,487,213</u>	<u>129,487,213</u>

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

7. Called up share capital

	2017	2016
	£	£
Issued share capital - allotted, called up and fully paid		
Ordinary Shares of £1 each		
Balance as at 1 April and 31 March: 1,408,500,899 shares	1,408,500,899	1,408,500,899
	<u>1,408,500,899</u>	<u>1,408,500,899</u>

8. Capital commitments

The company had capital commitments contracted as at 31 March 2017 of £nil (2016: £nil).

9. 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.

10. Subsequent events

There have been no significant events since the year end.

11. Immediate parent and ultimate holding company

The immediate parent company is BL Intermediate 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 York House, 45 Seymour Street, London, W1H 7LX.