
BL EUROPEAN HOLDINGS LIMITED

(Formerly Pillar European Holdings Limited)

Annual Report and Accounts

Year ended 31 March 2006

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Company number 3044033

BL EUROPEAN HOLDINGS LIMITED

REPORT OF THE DIRECTORS for the year ended 31 March 2006

The directors present their Annual Report and audited Accounts for the year ended 31 March 2006. On 3rd November 2005 the company changed its name from Pillar European Holdings Limited to BL European Holdings Limited.

Business review and principal activities

On 3 November 2005 the company changed its name from Pillar European Holdings Limited to BL European Holdings Limited.

The company is a wholly owned subsidiary of The British Land Company PLC and operates as a constituent of the Group. At the balance sheet date the company held a 34.2% interest in The Pillar Retail Europark Fund (PREF). It is intended that the company will continue to invest in investment properties in Europe through this investment in the future. There have not been any significant changes in the current year, nor are any currently planned.

As shown in the company's Profit and loss account on page 5, the company's turnover arises from its share in the partnership.

The Balance sheet on page 7 of the financial statements shows the company's financial position at the year end, in both net assets and cash terms. Details of amounts owed by and to its fellow group companies are shown in notes 7 and 8 on page 14.

The company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group comprising The British Land Company PLC and subsidiaries, 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 are contained in note 17 of the financial statements.

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

Principal risks and uncertainties

The Group's objective is to achieve attractive long-term returns whilst minimising risks. In order to identify and evaluate risks and design controls to mitigate them, a regular comprehensive assessment is undertaken which has identified certain individual risks affecting the Group and company, most of which arise out of natural market volatility, relating to supply and demand imbalances in the following areas:

- demand for space from occupiers against available space (including new developments),
- differential pricing for previous locations and buildings,
- alternative uses for buildings (including redevelopment),
- demand for returns from investors in property, compared to other asset classes,
- price differentials for capital to finance the business,
- legislative initiatives, including planning consents and taxation,
- economic cycles, including the impact on tenant covenant quality, interest rates and inflation,
- mis-pricing of property assets by the equity markets.

The Group's preference for long-term investments let on long leases to strong tenants with upward only rent reviews provides stable long-term cash flows which enables the Group to ride out much of this natural market volatility.

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

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, which are described in the Group's Annual Report, which does not form part of this report. Initiatives designed to minimise the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

Results and dividends

The results for the year are set out in the profit and loss account on page 5.

Dividends paid are shown on the face of the profit and loss account.

BL EUROPEAN HOLDINGS LIMITED

**REPORT OF THE DIRECTORS
for the year ended 31 March 2006**

Directors

The directors who served throughout the year were, except as noted

A M Jones

H R Mould (Resigned 28 July 2005)

H J M Price (Resigned 28 July 2005)

M A Stirling

M McGann (Resigned 7 October 2005)

V T Beresford

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.

In the case of each of the persons who are directors at the time when the director's report is approved, the following apply

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

BL EUROPEAN HOLDINGS LIMITED

**REPORT OF THE DIRECTORS
for the year ended 31 March 2006**

Annual General Meeting

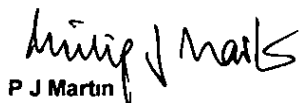
At the Annual General Meeting of the company held on 27 November 1995 Elective Resolutions were passed to dispense with the following requirements

- to lay accounts and reports before a general meeting of the company
- to appoint auditors annually
- to hold annual general meetings in the future

Auditors

KPMG Audit plc have resigned as auditors. The directors have appointed Deloitte & Touche LLP who are willing to continue in office

This report was approved by the Board on 11 JUL 2007



P J Martin
Secretary

York House
45 Seymour Street
London W1H 7LX

BL EUROPEAN HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BL EUROPEAN HOLDINGS LIMITED
for the year ended 31 March 2006**

We have audited the financial statements of BL European Holdings Limited for the year ended 31 March 2006 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 18. 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with United Kingdom 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, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also 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 for the above year 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the directors' report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountant and Registered Auditors

London

12 July 2007

BL EUROPEAN HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2006**

	Note	2006 £	2005 £
Turnover			
Rental income			
Fees and commissions			
Share of partnership profits		1,096,385	1,505,061
Total turnover		<u>1,096,385</u>	<u>1,505,061</u>
Cost of turnover		(105,799)	
Gross profit (loss)		<u>990,586</u>	<u>1,505,061</u>
Administrative expenses		(204)	(379)
Operating profit (loss)		<u>990,382</u>	<u>1,504,682</u>
Profit (loss) on disposal of properties			
Profit (loss) on disposal of investments			(2,357,626)
Group transfer of investments			
Write down of investments in subsidiaries			
Dividends receivable			
Interest receivable			
Group			
Associated companies			
External - other		9,756	15,591
Interest payable			
Group			
External			
- bank overdrafts and loans			(471,815)
- other loans			
Profit (loss) on ordinary activities before taxation	2	<u>1,000,138</u>	<u>(1,309,168)</u>
Taxation	4		
Profit (loss) on ordinary activities after taxation		<u>1,000,138</u>	<u>(1,309,168)</u>
Dividends paid in the year			
Retained profit (loss) for the year	13	<u><u>1,000,138</u></u>	<u><u>(1,309,168)</u></u>

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

BL EUROPEAN HOLDINGS LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2006**

	2006 £	2005 £
Profit (loss) on ordinary activities after taxation	1,000,138	(1,309,168)
Unrealised surplus (deficit) on revaluation of investment properties		
Unrealised surplus (deficit) on revaluation of investments	4,203,673	703,118
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 year	<u><u>5,203,811</u></u>	<u><u>(606,050)</u></u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 31 March 2006**

	2006 £	2005 £
Profit (loss) on ordinary activities before taxation	1,000,138	(1,309,168)
Realisation of prior year revaluations		
Historical cost profit (loss) on ordinary activities before taxation	<u><u>1,000,138</u></u>	<u><u>(1,309,168)</u></u>
Historical cost profit (loss) for the year retained after taxation	<u><u>1,000,138</u></u>	<u><u>(1,309,168)</u></u>

BL EUROPEAN HOLDINGS LIMITED

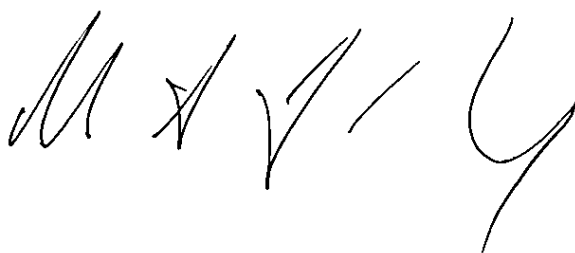
**BALANCE SHEET
as at 31 March 2006**

	Note	2006 £	£	2005 £	£
Fixed assets					
Investment properties	5				
Plant					
Investments	6	32,663,005		28,459,332	
Loans to group companies	6				
		<u>32,663,005</u>		<u>28,459,332</u>	
Current assets					
Debtors	7	364,632		313,451	
Cash and deposits		4,263		354,762	
		<u>368,895</u>		<u>668,213</u>	
Creditors due within one year	8	(26,471,522)		(27,770,978)	
		<u>(26,102,627)</u>		<u>(27,102,765)</u>	
Net current assets (liabilities)					
		(26,102,627)		(27,102,765)	
Total assets less current liabilities		<u>6,560,378</u>		<u>1,356,567</u>	
Creditors due after one year	9				
Provision for liabilities	10				
Net assets (liabilities)		<u>6,560,378</u>		<u>1,356,567</u>	
Capital and reserves					
Called up share capital	11	2		2	
Share premium	13				
Revaluation reserve	13	4,715,341		500,540	
Currency revaluation reserve	13			11,128	
Profit and loss account	13	1,845,035		844,897	
Shareholders' funds	13	<u>6,560,378</u>		<u>1,356,567</u>	

These financial statements were approved by the Board of Directors on

11 JUL 2007

Director



BL EUROPEAN HOLDINGS LIMITED

Notes to the accounts for the year ended 31 March 2006

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.

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 18).

Cash flow statement

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 from the requirement of FRS 1 to present a cash flow statement.

Where the company has no subsidiaries, it is exempt from preparing a cash flow statement in accordance with FRS 1. The company's cash flow is included in the group cash flow statement prepared by The British Land Company PLC as part of its consolidated financial statements, which are publicly available (see note 18).

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.

Events after the balance sheet date

FRS 21 (IAS 10) "Events after the balance sheet date" is applicable for accounting periods beginning on or after 1 January 2005. The main impact of FRS 21 is that dividends declared to holders of equity instruments after the balance sheet date, are not recognised as a liability at the balance sheet date. As this constitutes a change in accounting policy, the comparative amounts in the financial statements are required to be restated in accordance with FRS 3 "Reporting Financial Performance". There has been no impact on the financial statements of the company for the current or previous period.

BL EUROPEAN HOLDINGS LIMITED

Notes to the accounts for the year ended 31 March 2006

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.

Non-monetary assets

All monetary and non-monetary investments regardless of their denominated currency are revalued at year end. The movement between the prior year Sterling carrying value and the current year Sterling carrying value is recorded through the revaluation reserve.

BL EUROPEAN HOLDINGS LIMITED

**Notes to the accounts
for the year ended 31 March 2006**

2 Profit (loss) on ordinary activities before taxation	2006	2005
	£	£

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

Amortisation

Depreciation

Auditors' remuneration

Auditors' remuneration for other services

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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. In 2005, amounts payable to KPMG LLP were paid by Pillar Property Group Limited

3 Staff costs	2006	2005
	£	£

Wages and salaries

Social security costs

Pension costs

=====	=====
-	-
=====	=====

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

Average number of employees, including directors, of the company during the year was Nil (2005 - Nil)

Any pension costs were incurred in the year in respect of a defined contribution scheme. There were no outstanding or prepaid contributions at 31 March 2006 (2005 - £Nil)

BL EUROPEAN HOLDINGS LIMITED**Notes to the accounts
for the year ended 31 March 2006**

4 Taxation	2006	2005
	£	£
Current tax		
UK corporation tax		
Adjustments in respect of prior years		
Total current tax charge (credit)		
Deferred tax		
Origination and reversal of timing differences		
Prior year items		
Total deferred tax charge (credit)		
Total taxation (effective tax rate – Nil, 2005 – Nil)	-	-
Tax reconciliation		
Profit on ordinary activities before taxation	1,000,138	(1,309,168)
Tax on profit on ordinary activities at UK corporation tax rate of 30% (2005 - Nil)	300,041	(392,750)
Effects of		
Capital allowances		
Group relief not paid for	(300,041)	392,750
Expenses not deductible for tax purposes		
Transfer pricing adjustments		
Adjustments in respect of prior years		
Current tax charge (credit)	-	-

Included in the tax charge is a net charge of £Nil (2005 - £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 £Nil (2005 - £Nil)

This unprovided taxation is stated after taking account of the FRS 19 capital allowance deferred tax provision of £Nil (2005 - £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 £Nil (2005 - £Nil)

BL EUROPEAN HOLDINGS LIMITED

**Notes to the accounts
for the year ended 31 March 2006**

5. Investment and development properties

	Development £	Freehold £	Long leasehold £	Total £
Cost and valuation				
1 April 2005				
Additions				
Disposals				
Group transfers				
Revaluation surplus (deficit)				
31 March 2006	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Analysis of cost and valuation				
31 March 2006				
Cost				
Revaluation				
Net book value	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1 April 2005				
Cost				
Revaluation				
Net book value	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

BL EUROPEAN HOLDINGS LIMITED**Notes to the accounts
for the year ended 31 March 2006****6 Investments and loans to group companies**

	Shares in investment partnership £	Other Investments £	Total £	Loans to Group companies £
At cost or directors' valuation				
1 April 2005	28,459,332		28,459,332	
Revaluation	4,203,673		4,203,673	
31 March 2006	32,663,005	-	32,663,005	-
Revaluation				
1 April 2005				
Provision for write-down				
Additions				
31 March 2006	-	-	-	-
Net Book Value				
31 March 2006	32,663,005	-	32,663,005	-
1 April 2005	28,459,332	-	28,459,332	-

The company has a 34.16% interest in Pillar Retail Europark Fund, which operates in Luxembourg. The above represents the company's share of the net assets of the fund.

BL EUROPEAN HOLDINGS LIMITED**Notes to the accounts
for the year ended 31 March 2006**

7 Debtors	2006	2005
	£	£
Trade debtors	96,148	
Amount due from subsidiary company	14,820	14,820
Corporation tax		
Other debtors	253,664	298,309
Other taxation and social security		322
	<u>364,632</u>	<u>313,451</u>

Included in prepayments and accrued income is an amount of £Nil (2005 - £Nil), relating to lease incentives which are amortised over the period to the next rent review

8 Creditors due within one year	2006	2005
	£	£
Trade creditors		
Amount due to parent company	26,471,135	27,770,978
Corporation tax		
Other taxation and social security	387	
Other creditors		
Accruals and deferred income		
	<u>26,471,522</u>	<u>27,770,978</u>

Amounts owed to fellow group companies are repayable on demand Interest on these balances is charged on the basis of LIBOR plus a margin

9 Creditors due after one year	2006	2005
	£	£
Debentures and loans		
due 1 to 2 years		
due 2 to 5 years		
due after 5 years		
	<u>-</u>	<u>-</u>

BL EUROPEAN HOLDINGS LIMITED

**Notes to the accounts
for the year ended 31 March 2006**

10 Provision for liabilities

	Sinking fund	Deferred tax	Total
	£	£	£
1 April 2005			
Charged (credited) to the profit and loss account			
Released			
Utilised in year			
31 March 2006	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Deferred tax is provided as follows

	2006	2005
	£	£
Accelerated capital allowances		
Other timing differences	<u><u>-</u></u>	<u><u>-</u></u>

The deferred tax provision relates primarily to capital allowances claimed on plant and machinery within investment properties. When a property is sold and the agreed disposal value for this plant and machinery is less than original cost there is a release of the surplus part of the provision. The entire amount of the capital allowance provision would be expected to be released on sale.

11 Share capital

	2006	2005
	£	£
Authorised		
100 ordinary shares of £1 each	100	100
	<u><u>100</u></u>	<u><u>100</u></u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2
	<u><u>2</u></u>	<u><u>2</u></u>

BL EUROPEAN HOLDINGS LIMITED**Notes to the accounts
for the year ended 31 March 2006****12 Directors' interests in share and loan capital**

No director held a beneficial interest in the share capital of the company. The beneficial interests of the directors in the ultimate holding company are as follows -

Fully paid Ordinary shares				
	31 March 2006	1 April 2005		
A M Jones	30			
V Beresford	30			
M Stirling	30			
<hr/>				
Options over ordinary shares				
	Management Incentive Scheme		Sharesave Scheme	
	31 March 2006	1 April 2005	31 March 2006	1 April 2005
A M Jones	190,662		1,162	
V Beresford	190,662			
M Stirling	119,164			
<hr/>				
Rights under Long Term Incentive Plan				
	Ordinary shares		Options over Ordinary shares	
	31 March 2006	1 April 2005	31 March 2006	1 April 2005
A M Jones	5,658		33,953	
V Beresford	4,904		29,426	
M Stirling	4,359		26,157	

Granting, exercising and lapsing of options

A M Jones was granted options over 33,953 shares at an option price of 994p per share under British Land's Long Term Incentive Plan. He was also granted options over 190,662 shares at an option price of 387 4p per share under the Rollover Option Scheme. He was granted options over 1,162 shares at an option price of 804p per share under the British Land's Share Save Scheme.

V Beresford was granted options over 29,426 shares at an option price of 994p per share under British Land's Long Term Incentive Plan. He was also granted options over 190,662 shares at an option price of 387 4p per share under the Rollover Option Scheme.

M Stirling was granted options over 26,157 shares at an option price of 994p per share under British Land's Long Term Incentive Plan. He was also granted options over 119,164 shares at an option price of 387 4p per share under the Rollover Option Scheme.

BL EUROPEAN HOLDINGS LIMITED**Notes to the accounts
for the year ended 31 March 2006****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	2		500,540	11,128	844,897	1,356,567
Change in accounting policy			11,128	(11,128)		
Restated opening balance	2		511,668		844,897	1,356,567
Retained profit (loss) for the year					1,000,138	1,000,138
Share issues in the year						
Unrealised surplus (deficit) on revaluation of investment properties						
Unrealised surplus (deficit) on revaluation of investments			4,203,673			4,203,673
Unrealised surplus (deficit) on revaluation of subsidiaries						
Realisation of prior year revaluations						
Taxation on the realisation of prior year revaluations						
Closing shareholders' funds	2	-	4,715,341	-	1,845,035	6,560,378

BL EUROPEAN HOLDINGS LIMITED

Notes to the accounts for the year ended 31 March 2006

14 Capital commitments

The company had capital commitments contracted at 31 March 2006 of £Nil (2005 - £Nil)

15 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

The company has no contingent liabilities

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

17 Subsequent events

There have been no significant events since the year end

18 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. Group accounts for this company are available on request from York House, 37 Seymour Street, London W1H 7LX.

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 these accounts.

19 Change in accounting policy

There is a change in accounting policy relating to the alignment of accounting policies to that of The British Land Company PLC policies. In accordance with British Land policy all monetary and non-monetary investments regardless of their denominated currency are revalued at year end. The movement between the prior year Sterling carrying value and the current year Sterling carrying value should be recorded through the revaluation reserve. Under the previous accounting policy exchange movements relating to investments in foreign currencies were recorded in a separate Currency Revaluation Reserve. Due to the insignificance of the prior year revaluation reserve, this change in accounting policy is applied prospectively.

	2006 £	2005 £	
Profit and Loss Account			
Increase in profit in the year	-	-	
	Revaluation reserve £	Currency revaluation reserve £	Total £
Balance Sheet			
Opening balance	500,540	11,128	511,668
Change in policy	11,128	(11,128)	-
Restated opening balance	511,668		511,668