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COMPANIES HOUSE 19/09/96

The British Land Company PLC

Annual Report and Accounts 1996

C N 621920

Contents

Cover image

The National Youth Orchestra,
one of the world's finest youth orchestras, offers students the pursuit of excellence. Alexia Cammish is a student with the Orchestra for which British Land is a performance sponsor.

British Land is a property investment company. Our prime activity is the ownership of long-term income-producing commercial properties. The long-term view is central to our strategy; we own the freehold of most of our properties; we believe that the value of land is perpetuated by what is built on it; we arrange our finances to be able to retain our investments over time; and additionally we maximise growth and potential through property trading and development.

As a large UK company with many interests in the property business we care also about the long-term interests of the community in which we work, and so we have illustrated the Report and Accounts with photographs of some of the activities we have sponsored. It is always hard to select which causes to support. British Land's choice last year was youth, education, sport and the performing Arts - all of them highly desirable investments - principally investment in young people for the future.

The British Land National Ski Championships have been sponsored by British Land for eighteen consecutive years. Graham Bell was winner of the men's downhill, Super G and parallel slalom titles at the 1996 British National Alpine Ski Championships.

Chairman's Statement and Operating and Financial Review

The year to 31st March, 1996 has generated abundant scope for the management of every aspect of British Land's extensive business. Property purchases, including completion of the Broadgate Properties Plc acquisition, amounted to £1.3 billion, taking the Group portfolio to £4.4 billion.

To finance these activities the Company raised £150 million through profitable property sales, £222.5 million from shareholders in a 1 for 6 placing and open offer at 370p per share, and £250 million in a forty year 8⅜% Mortgage Debenture, while some £718 million of committed new bank lines have been added, making a grand total of £1,340 million raised in all.

Net assets per share were up by 2.2% from 417p (adjusted for the share issue) to 426p per share. On a fully diluted basis the increase was from an adjusted 416p to 424p per share.

Pre-tax profits were up from £49.1 million to £62.1 million, a 26% increase. Revenue profits excluding capital movements, rose from £58.6 million to £65.7 million, up 12.1%.

The final dividend proposed is 5.77p per share (1995 – 5.48p). With the interim dividend of 2.78p already paid (1995 – 2.64p) the total payment to shareholders for the year is 8.55p, an increase of 5.3% over the previous year. The total cost of the year's Ordinary Share dividends is £36.84 million.

The debt/equity ratio is 115%, reducing to 100% on the fully diluted basis which assumes the conversion, available at any time the Company selects, of the 6% Subordinated Irredeemable Convertible Bonds into convertible preference shares. In debt management we look to the ratio of debt to property and investments, which stands at a satisfactory 51% reducing to 48% on a fully diluted basis. In other words, the mortgage ratio reflects borrowings of half the value of assets.

Following the acquisition of Broadgate Properties Plc, we have been able to reduce the Group revenue tax charge for the year

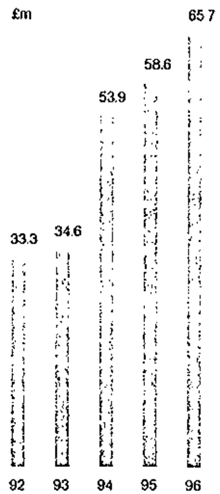
Financial Summary

	1996 £m	1995 £m
Net Rental Income	**202.8**	156.8
Total Pre-tax Profits	**62.1**	49.1
Revenue Pre-tax Profits	**65.7**	58.6
Gross Assets*	**4,513.0**	3,325.4
Net Worth*	**1,948.2**	1,663.8

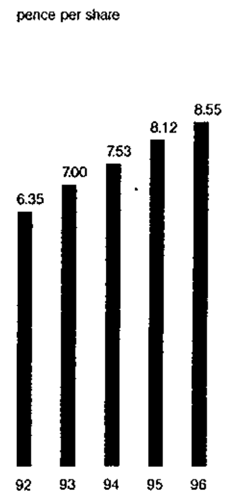
	1996 pence	1995 pence
Dividend		
per ordinary share	**8.55**	8.12
Total Earnings:		
per share	**11.2**	8.4
diluted	**12.6**	10.7
Revenue Earnings:		
per share	**11.9**	11.7
diluted	**13.2**	13.5
Net Asset Value:		
per share*	**426**	417
diluted*	**424**	416

*Including surplus on trading properties

Revenue Pre-tax Profit



Ordinary Dividend



from £13.8 million (23.5%) to £11.7 million (17.8%). Earnings per share including capital items rose 33% from 8.4p to 11.2p per share.

The property portfolio rose in value by £83.5 million, a 1.9% uplift. City of London offices including Broadgate and Ludgate now account for 40% of our entire holdings and provided an uplift of 2.6% over last year's – or acquisition – value. Elsewhere, offices declined slightly, leaving the office sector as a whole in the UK with a small overall increase. The entire retail element, now 39% of the portfolio, produced growth of 5.3% of which leisure rose 3.4%, supermarkets rose 4.6% and retail warehousing outlets were up 20.3%.

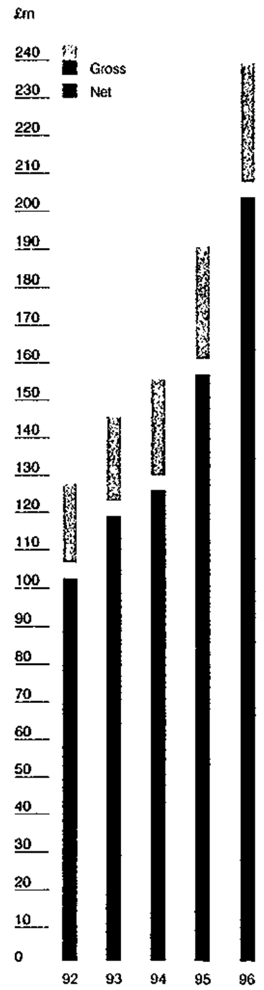
Gross rents for the year were up 25% from £191.2 million to £239.8 million, while net rents performed even more strongly with a rise of 29% from £156.8 million to £202.8 million. Minimum guaranteed rental uplifts apply to 20.9% of the enlarged portfolio. From these and other committed uplifts at least £23.8 million of extra net rent arises over the next five years. After the £150 million of sales the gross annualised rent roll exceeds £307 million.

We have retained our strong tenant covenants and long leases. The largest forty tenants, all major names, represent 77% of the UK rent roll; 58% of UK tenants are Government, FT European 500 or FT 500 companies. The weighted average lease maturity is 21.1 years. Only 4% of rents are affected by leases expiring by the year 2000, with a further 15% by the year 2010. The current net yield on the investment portfolio is 7.1% (1995 – 7%) and the reversionary net yield on current rental values is 8.45% (1995 – 8.5%), with good prospects for further growth. In addition there is the potential income from the development programme.

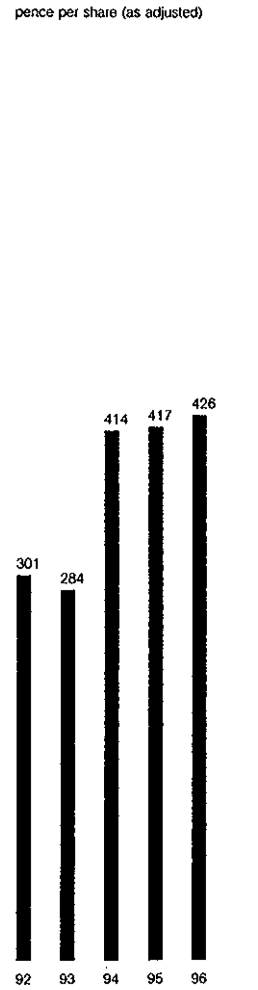
Broadgate

The acquisition of Broadgate has been a long-planned strategy. British Land first became directly interested in the Broadgate site as long ago as 1982, taking a stake in No. 1 Finsbury Avenue, EC2.

Rentals



Net Asset Value



Barnardo's is the largest children's charity in the UK. Its services include the provision of family centres on inner-city estates, where children can develop social skills including face painting! British Land sponsored Barnardo's Annual Review.

The London Business School works with leading companies around the world to create innovative management and to help managers improve their performance. The photograph shows Frederick Mesnik and Margarida Bicho, students at the Business School. British Land is a funding partner of The London Business School.

Nine years later, in November, 1991 we obtained 100% freehold ownership of No. 1 and also Nos. 2 and 3 Finsbury Avenue.

In February, 1994 we were able to buy 29.9% of Stanhope Properties PLC which owned a 50% interest in Broadgate Properties Plc. Early in 1995 we announced a recommended offer for the balance of Stanhope's issued Ordinary Share capital, the offer being declared unconditional on 23rd March, 1995. In December, 1995 we announced that contracts had been exchanged to buy the other 50% of Broadgate Properties Plc. Shareholders approved the transaction on 12th January, 1996 and it was completed on 15th January, 1996.

The purchase involved financing on that day £822.7 million with the £98 million Commercial Paper programme being left in place. The purchase price was £121.2 million, and £701.5 million was the amount of the repayment of Broadgate Properties Plc's underlying bank debt. This was timed at a low point in the interest rate cycle using new bank facilities, mainly for fixed terms of a minimum of five years, at an all-up rate, including swap costs and banks' margins, under 8%.

In the last financial year lettings at Ludgate were 18,900 sq ft and at Broadgate 72,600 sq ft. We have no space available at Broadgate and only 61,000 sq ft at Ludgate, in which considerable interest is being shown by potential tenants.

Other Additions to the Portfolio

We have expended £354 million in adding to the leisure, retail and distribution elements of the portfolio.

Leisure purchases include our half-share of a £200 million joint venture with Scottish & Newcastle plc owning 306 pubs, and THI Leisure Parks in Dagenham and Leeds.

The principal retail interests acquired were seven Tesco superstores, all freehold, with five yearly rent reviews on leases expiring in 2020. The next review, in 2000, is subject to a guaranteed minimum uplift on which basis the initial yield of 7% per annum rises to at least 9.4%. We have also bought three Scottish retail warehouse parks (Springfield Retail Park, Elgin, St. James' Retail Park, Dumbarton and Auldhouse Retail Park, Glasgow), St James' Retail Park, Northampton, Tollgate Retail Park, Colchester, and a B&Q retail warehouse in Stockton-on-Tees. Since the year-end we have also completed the purchase of the 500,000 sq ft Rackhams department store in Corporation Street, Birmingham.

We bought the ASDA distribution centre at Bristol and the Tesco distribution centre in Southampton, and we have completed an extension to the United Biscuits warehouse in Ashby-de-la-Zouch. We also bought Booker's distribution centre at Echo Park, Banbury, in partnership with Teachers Insurance & Annuity Association (USA).

Two other significant joint purchases were the Swiss Centre in London W1, where we own 75% with the Swiss Government, and the Mitcham Industrial Estate with the IO Group Limited.

International Financial Services Centre, Dublin

The Custom House Docks Development in Ireland is another instance of our long-term perspective. Since 1988 the Company, in partnership with Hardwicke Limited, has been creating the Eire Government's International Financial Services Centre on a 27 acre site in the city centre of Dublin.

To date buildings providing 500,000 sq ft net of office space have been completed, occupied and profitably sold. Four further office buildings, in total 130,000 sq ft net, will yield further profit when completed by the end of this year; two have been pre-sold to occupiers and there are agreements for lease for the other two. Four more office buildings, totalling 160,000 sq ft net, are currently under construction.

A 234 bedroom hotel, pre-sold to Jurys Hotels, is to open in September, 1996.

All 333 apartments have now been completed and profitably sold and a car park for 400 cars will be available for use very shortly.

UK Development Programme

In the United Kingdom two other long-term projects have moved further ahead. We have completed the construction of the new Corn Exchange in London EC3, a 165,000 sq ft net office building. We originally acquired the old Corn Exchange building in 1980 and sold the first phase of its redevelopment, 2 Seething Lane, in 1990.

Construction of new offices for the First National Bank of Chicago, a 220,000 sq ft building incorporating a retail element, is well advanced. This is a further stage in the long-term redevelopment of our 10 acre freehold at Regent's Place, formerly known as the Euston Centre, which was purchased in two halves, in 1984 and 1987. We are also making progress with the new development at the waterside site of the Exchange Brewery in Sheffield. Development expenditure in the year was £51 million.

Financing

In September, 1995 the Company took advantage of the terms then available in the market to raise £250 million of 8⅞% Mortgage Debenture Bonds with a 40 year life. The Bonds were offered in bearer or registered form and we have recently added a bearer option to the 9⅜% First Mortgage Debenture Stock 2028. In November the Company raised £222.5 million in an ordinary share placing at 370p per share arranged primarily to finance the strategic purchase of the seven Tesco superstores and three Scottish retail parks. Over the year we have added or renegotiated some £875 million of bank lines all on the Company's standard terms; since September, 1994 the amount raised or renegotiated is £1.5 billion. Available unused facilities at 31st March 1996 amounted to £450 million.

At the year-end the Group's overall average interest rate, including the cost of derivatives and bank margins, was 8.36% (1995 – 8.8%). Some 17.2% (1995 – 20.8%) of all debt has been held unhedged at variable interest rates to provide flexibility. The current effect of derivatives is to reduce exposure to variable rates on £735 million of debt. Derivative activity is managed by an internal Derivatives Committee, and we have it monitored by independent external advisors in addition to the annual Audit.

Interest cover after allocation of overheads was 1.47 times. Weighted average debt maturity is 15.8 years, and a quarter of all bank facilities have additional extension options. With the backing of modern property assets, strong and growing rental income and restricted exposure to variable interest rates, our Treasury management of the debt book enables the Company to gear its assets on advantageous terms for shareholder growth.

Prospects

British Land's portfolio of properties and investments has expanded eight-fold over the past decade, from £541 million to £4.4 billion. The potential pay-off for owning selectively acquired properties, coupled with flexible corporate financing, is that just a 10% rise in our portfolio values translates into growth of over 100p in net assets per share. With 89% of the portfolio having been purchased in the last seven and a half years, we have limited exposure to obsolescence, and intensive management ensures that maintenance is kept up to date.

Events move much faster these days, and in running the business we must stay on top of change. We also have to look out for the effects of many more elements – contamination and depreciation, European intervention and UK legislation, politicisation and taxation, securitisation and unitisation – the list is far from comprehensive. Regulation alone has added four pages to the 1996 Report and Accounts.

We believe that the property segments in which we have invested, now principally located in the United Kingdom and Ireland, offer good prospects for future growth of which there are some encouraging signs. The risk-averse nature of our long leases and quality covenants, coupled with stringent financing techniques, will ensure that this growth flows through to shareholders, who are also protected if unexpected political or economic events cause a change in current circumstances. Inflation – or the lack of it – is still the wild card. We remain actively concerned in further new transactions and in pushing the business forward.

Chairman's Tributes

The Board was pleased to welcome Michael Cassidy as a new non-executive director in January, 1996.

My thanks go to my colleagues on the British Land Board, and to the directors of our management and operating company, The British Land Corporation Limited, together with other executives, staff, agents and advisers who once again have combined to create a cohesive and forceful team in an exceptional year.

John Ritblat

John Ritblat Chairman
12th June, 1996

Major properties in the British Land portfolio (all freehold and wholly owned unless otherwise stated) include:

United Kingdom

Central London

	Property	Use	Net area in sq. ft.
EC1	Finsgate, Cranwood Street	offices	45,000
EC2	Broadgate complex:* 1, 2, 4, 6 Broadgate, 135 and 199 Bishopsgate and Exchange House (835,000 sq.ft. long leasehold)	offices, retail and leisure	1,549,000
	1, 2 and 3 Finsbury Avenue	offices and retail	459,000
	Broad Street House, 52-58 Old Broad Street (long leasehold)	offices and retail	95,000
EC3	Plantation House complex comprising: 36-42 Fenchurch Street, 1-3 Mincing Lane, 51, 53 Eastcheap and long leasehold of Chesterfield House	offices	600,000
	Corn Exchange, Mark Lane: (long leasehold)	offices	165,000
	Mariner House, Crutched Friars	offices	108,000
	122 Leadenhall Street	offices	180,000
EC4	Ludgate complex:* 1 and 10 Fleet Place and 100 New Bridge Street	offices	490,000
NW1	Regent's Place, Euston Road, 10.25 acre complex Office, retail, extensive car parking and residential block		643,000
	Sites with planning consent		260,000
	50 Triton Square (in course of construction)	offices and retail	220,000
	10 Cornwall Terrace (long leasehold)	offices	26,000
SE1	Lambeth Bridge House, Albert Embankment	offices	170,000
W1	York House, Great Cumberland Place (long leasehold)	offices, retail and leisure	106,000
	2-16 Baker Street (long leasehold)	office and retail	89,700
	Swiss Centre* (75.5% owned)	offices, retail and leisure	97,000

Regions

	Property	Use	Net area in sq. ft.
Ashby de la Zouch	Flagstaff 42 Estate	distribution	217,000
Banbury	Holroyd Meek Distribution Centre, Echo Park*	distribution	195,000
Basildon	Eastgate Shopping Centre	retail and offices	733,000
Birmingham	Rackhams Department Store*	retail	500,000
	Temple Court (part long leasehold)	offices and retail	266,000
Bristol	Gateway Head Office	offices	225,000
	Asda Distribution Centre, Portbury*	distribution	247,500
Chatham	Allders department store, High Street	retail	132,000
Chessington	Barwell Business Park	offices, industrial and warehousing	387,000
Chester	Greyhound Retail Park	retail and leisure	211,000
Colchester	Tollgate Retail Park*	retail	115,500
Croydon	Valley Park Leisure Park, Purley Way	leisure and retail	101,000
	Purley Way Centre	retail	59,500
Dagenham	Ripple Road, Leisure Park* (in course of development)	leisure	127,000
Dumbarton	St. James' Retail Park*	retail	69,000
East Kilbride	Plaza Shopping Centre	41 retail units and offices	382,000
Edinburgh	Orchard Brae House	offices	106,000
Elgin	Springfield Retail Park*	retail	91,000
Glasgow	Portcullis House, India Street	offices	101,000
	Westergate and Westergate Chambers, Argyle Street	offices and retail	91,000
	Auldhouse Retail Park*	retail	117,000
Godalming	Westbrook Mills	offices	57,000
Hayes, Middlesex	4/40 Springfield Road	industrial	77,000
Holton Heath (near Poole)	Industrial Estate and 55 acres for development subject to planning permission	industrial	140,000
Huntingdon	Gateway Depot	distribution	250,000
Kingston-upon-Hull	Allders department store (long leasehold)	retail	106,000
Kingswood, Reigate	Legal and General House	offices	230,000
Leeds	Kirkstall Road, Leisure Park* (in course of development)	leisure	200,000
Liverpool	Two Moorfields	offices	64,000
Manchester	Elizabeth House, St. Peter's Square	offices and retail	94,000
	Ralli Quays	offices	81,000
Mitcham	Mitcham Industrial Estate*	industrial	305,000
Northampton	MFI Distribution Centre	distribution	950,000
	St. James' Retail Park*	retail	192,000
Oxford	Oxford Retail Park	retail	76,000
Portsmouth	Allders department store	retail	183,000
Reading	Queen's House, Forbury Road	offices	117,000
Sevenoaks	Tubs Hill House and Oak House, London Road	offices	75,000
Slough	Owen Owen Department Store	retail	73,000
Southampton	Tesco Distribution Centre, Nursling*	distribution	320,000
Stockton-on-Tees	Teesside Retail Park	retail	330,000
	B&Q Retail Warehouse*	retail	121,500
Sutton-in-Ashfield	Idlewells Centre	retail and offices	141,000
Wigan	Asda Regional Distribution Centre, Wheatlea Industrial Estate	distribution	337,000
York	North York Trading Estate	industrial, distribution and offices	425,000
SUPERMARKETS	45 Sainsbury, 10 Tesco (7 since 1st April, 1995) and 32 Somerfield stores, predominantly in the South of England and Wales (9 long leasehold)	retail	4,300,000
PUBLIC HOUSES	306 Chef & Brewer public houses* predominantly in the South of England (20 leasehold) (50% owned)	leisure	595,000

Europe

	Property	Use	Net area in sq. ft.
Amsterdam	Atrium-Torens Towers (long leasehold)	offices	258,000
Dublin	St. Stephen's Green Shopping Centre	retail	265,000
	Swan Centre, Rathmines	retail	90,000

U.S.A.

	Property	Use	Net area in sq. ft.
New York	90 Broad Street	offices	298,000

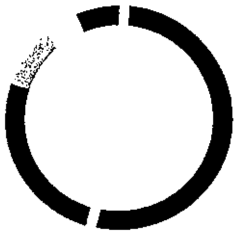
*Acquired since 1st April, 1995.

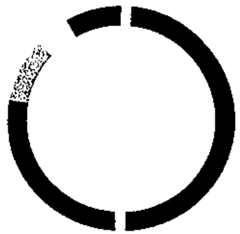
[illegible] following redevelopment, as
the most technologically advanced theatre in Britain.
[illegible] shows Laura Purkiss, a dancer with the

The Open Air Theatre, Regent's Park, founded in 1932 in its rural setting in the heart of London, is the only professional outdoor theatre in Great Britain. Each summer it attracts an audience of 100,000.
The photograph shows Tony Selby, male lead in this year's production of "Paint Your Wagon", sponsored by British Land.

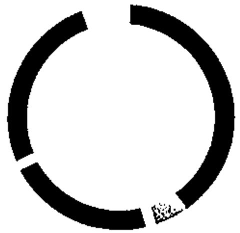
Property Portfolio Analysis

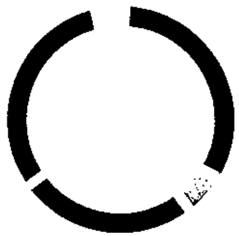
Use	By Valuation %	By Net Rental %
Offices	54	50
Retail: Supermarkets	20	22
Shopping Centres	6	6
Other	9	9
Leisure	4	4
Distribution and Industrial	7	9
Total	100	100



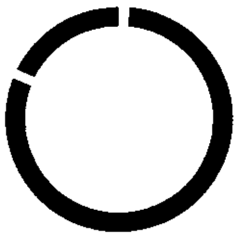


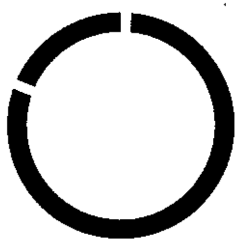
Location	By Valuation %	By Net Rental %
London: City	40	33
West End	5	6
S. and S.E. England	23	26
Other U.K.	28	32
Overseas	4	3
Total	100	100





Tenure	By Valuation %	By Net Rental %
Freehold	82	81
Long Lease	18	19
Total	100	100





Based on 1996 Valuations £4,416 million

Properties per note 1, page 32, £4,298 million and proportionate value of properties owned through Unlisted Investments £118 million.

Based on 1996 Net Rentals

Property rentals receivable at March, 1996 quarter day.

The British Land Company PLC

JOHN RITBLAT, F.S.V.A. CHAIRMAN AND MANAGING DIRECTOR
John Ritblat became a Director of Union Property Holdings (London) Limited in August, 1969 when that company acquired Conrad Ritblat and Co. and associated property companies of which he was a founder. He is Chairman of Conrad Ritblat Group plc. He succeeded Sir Maxwell Joseph as Executive Chairman of Union's Board and became Chairman and Managing Director of The British Land Company in 1971 following the merger with Union. Aged 60 years.

CYRIL METLISS, F.C.A.
Cyril Metliss joined the Board of The British Land Company in July, 1971 after gaining wide experience in manufacturing, financial services and property development. He was a senior partner in Stoy Hayward & Co., chartered accountants, and held directorships in Giltspur Investments, Regent's Park Land Property, the Barro Equities Group and John Barran before becoming a Director of The British Land Company. Aged 72 years.

JOHN H. WESTON SMITH, M.A., F.C.I.S.
John Weston Smith joined The British Land Company as Secretary in July, 1971 from N. M. Rothschild & Sons Limited and was appointed a Director in January, 1973. Previously he was Joint General Manager of the Abbey National Building Society, where his responsibilities included all its mortgage lending and marketing. Aged 64 years.

DAVID C. BERRY, F.C.A.
David Berry joined The British Land Company in 1970 and was appointed a Director in January, 1976. He was a founder and senior partner of a firm of chartered accountants in the City of London specialising in computer and management consultancy for major UK companies, overseas government bodies, The World Bank and The International Monetary Fund. Aged 59 years.

*†PETER SIMON, B.Sc., Ph.D., A.C.I.I.
Peter Simon became a non-executive Director of The British Land Company in November, 1987. Previously he held the positions of Deputy Group Chief Executive and Director of Legal & General Group Plc, and was also General Manager (Investment). He is Chairman of the Audit and Remuneration Committees. Aged 66 years.

STEPHEN L. KALMAN, F.R.I.C.S.
Stephen Kalman, a Chartered Quantity Surveyor and Building Surveyor, had extensive experience of a wide variety of professional work before joining The British Land Company in March, 1972. He became responsible for the inception and control of development projects in the UK, France and Ireland, becoming Group Development Surveyor in July, 1980. He was appointed to the main Board in November, 1988. Aged 57 years.

*†JOHN SPINK, F.R.I.C.S.
John Spink became a non-executive Director of The British Land Company in November, 1989. A former Director of Hambros Bank, he had been property consultant to the Company since 1984 and previously was Deputy Chairman of the Swire Group in Hong Kong. Aged 71 years.

NICHOLAS RITBLAT, M.A.
Nicholas Ritblat joined The British Land Company in September, 1987 and was appointed a Director in September, 1991. He previously worked for S.G. Warburg & Co. Ltd in the corporate and international finance divisions. Aged 34 years.

*†MICHAEL CASSIDY, B.A., M.B.A.
Michael Cassidy was appointed a non-executive Director of The British Land Company in January, 1996. He is senior partner of Maxwell Batley, Solicitors, specialising in commercial property. He is Chairman of the Policy and Resources Committee of the Corporation of London. Aged 49 years.

Secretary
ANTHONY BRAINE, L.L.B., F.C.I.S.

The British Land Corporation Limited

The principal Management and Operating company of the Group

John Ritblat, F.S.V.A.
Chairman and Chief Executive

Cyril Metliss, F.C.A.
Executive Vice-Chairman

John H. Weston Smith, M.A., F.C.I.S.
Managing Director

David C. Berry, F.C.A.
Managing Director

Stephen L. Kalman, F.R.I.C.S.

Nicholas Ritblat, M.A.

I. N. Geoffrey Selwyn, B.Com. (Acc.), F.C.A., F.T.I.I.

Michael I. Gunston, F.S.V.A., I.R.R.V.

Kenneth W. Dytor, F.R.I.C.S.

Colin D. Stubbs, B.Com., F.C.A.

Stuart Slack, F.C.A.

John H. Iddiols, B.Sc. (Est.Man.), F.R.I.C.S., F.S.V.A.

Anthony Braine, L.L.B., F.C.I.S.

Robert E. Bowden, B.Sc., F.R.I.C.S.

Lucinda M. Bell, M.A., A.C.A.

Christopher M. J. Forshaw, F.C.A.

Peter C. Clarke, F.C.I.S.
Secretary

Stephen G. Spooner, B.Sc., F.R.I.C.S., F.S.V.A.

Shen Adam, F.C.A.

*Member of the Remuneration Committee
†Member of the Audit Committee

Real Tennis-the sport of kings and king of sports-is the oldest of all racket games with origins dating back to the 11th century. Over the past decade there has been a revival of interest in the game. Matthew Ronaldson, shown overleaf, was the 1995 under 14 British Junior Singles Champion. British Land sponsors Real Tennis through the Tennis and Rackets Association.

British Land Group Executive and Advisers

Head Office Executive

Group Accountant	Colin D. Stubbs, B.Com., F.C.A.*
Group Treasurer	Stuart Slack, F.C.A.*
Deputy Group Accountant	Naren G. Raichura, F.C.C.A.
Management Accountant	Anthony W. Adams
Assistant Management Accountant	Claire N. Preston, B.A. (Econ.), A.C.A.
Corporate and Taxation Services	I. N. Geoffrey Selwyn, B.Com. (Acc.), F.C.A., F.T.I.I.*
	James D. Aitchison, M.A., A.C.A., A.T.I.I.
	Jayesh Mehta, B.Sc., A.C.A., A.T.I.I.
Corporate and Financial Services	Lucinda M. Bell, M.A., A.C.A.*
	Christopher M. J. Forshaw, F.C.A.*
Secretary	Anthony Braine, L.L.B., F.C.I.S.*
Assistant Secretary	Peter C. Clarke, F.C.I.S.*
Secretarial Assistant	Claire L. Montgomery
Systems Manager	Peter Earl, B.Sc.
Assistant Systems Manager	Jonathan C. Payne
Chief Estates Surveyor	Michael I. Gunston, F.S.V.A., I.R.R.V.*
Deputy Chief Estates Surveyor	John H. Iddiols, B.Sc. (Est.Man.), F.R.I.C.S., F.S.V.A.*
Estates Surveyors	Stephen G. Spooner, B.Sc., F.R.I.C.S., F.S.V.A.*
	B. Desmond Morris, B.Sc., F.R.I.C.S.
	Steven J. Rickard, B.Sc. (Est.Man.), A.R.I.C.S.
	Bryan J. Lewis, B.Sc., A.R.I.C.S.
	Nicholas K. Bates, B.Sc., A.R.I.C.S.
Property Investment Director	Robert E. Bowden, B.Sc., F.R.I.C.S.*
Chief Executive Broadgate Properties Plc	Shen Adam, F.C.A.*
Projects Director Broadgate Properties Plc	Michael J. F. Mannion, C.Eng., B.Sc., M.I.C.E.
Chief Planner	Brian H. Mellor, Dip. T.P., M.R.T.P.I.
Development Director	Kenneth W. Dytor, F.R.I.C.S.*
Development Surveyors	Mark T. Wright, B.Sc., A.R.I.C.S.
	Nigel M. Webb, B.Sc., A.R.I.C.S.
Construction Executive	P. Anthony E. Bull

*Director of The British Land Corporation Limited, the principal Management and Operating company of the Group.

Head Office and Registered Office

10 Cornwall Terrace,
Regent's Park,
London NW1 4QP
Telephone 0171-486 4466
Telex 28411 Fax 0171-935 5552

Overseas

British Land Investments N.V.,
Atrium Building, Strawinskylaan 3037,
Amsterdam 1077ZX, The Netherlands
Telephone (3120) 642 9848
Fax (3120) 644 2806
Joint Managing Directors Rutger J. Schimmelpenninck
Jan Kees Brandse

FCS Currency Management,
29 Earlsfort Terrace,
Dublin 2, Ireland
Telephone (3531) 4750400
Telex 91771 Fax (3531) 4750405
Managing Director Paul Colligan, F.C.A., F.C.M.A.

Principal Bankers

National Westminster Bank Plc
The Royal Bank of Scotland plc
Barclays Bank PLC
Union Bank of Switzerland
Royal Bank of Canada
The Bank of Tokyo – Mitsubishi, Ltd.

Stockbrokers

SBC Warburg,
1 Finsbury Avenue,
London EC2M 2PA

UBS Limited,
100 Liverpool Street,
London EC2M 2RH

Auditors

Binder Hamlyn,
20 Old Bailey,
London EC4M 7BH

Registrars and Transfer Office

The Royal Bank of Scotland plc,
Securities Services – Registrars,
P.O. Box 82,
Caxton House,
Redcliffe Way,
Bristol BS99 7NH
Telephone 0117-930 6600

Report of the Directors for the year ended 31st March, 1996

The directors submit their Report and Accounts for the year ended 31st March, 1996.

Results and Dividends

The results for the year are set out in the Statement of Operations on page 26.

The directors recommend the payment of a final dividend of 5.77p per share payable on 27th August, 1996 to Ordinary Shareholders on the register at the close of business on 30th July, 1996.

Activities

The Group operates in the fields of property investment and development, finance and investment.

Review of Business and Prospects

Development of the Group's activities and its prospects are reviewed in the Chairman's Statement and Operating and Financial Review on pages 3 to 9.

Properties

Changes in properties during the year and details of property valuations at 31st March, 1996 are shown in Note 1 on page 32.

Purchase of Own Shares

The Company was granted authority at the Annual General Meeting in 1995 to purchase its own shares up to a total aggregate value of 10 per cent. of the issued nominal capital. This authority expires at this year's Annual General Meeting and a resolution will be proposed for its renewal.

Share and Loan Capital

The issued share capital has been increased since 1st April, 1995 by fully paid issues as follows:

		No. of Ordinary Shares of 25p
15th April, 1995 to 10th August, 1995	In consideration for purchase of share interest	3,965
4th April, 1995 to 9th April, 1996	On exercise of options under the 1984 Share Option Scheme	724,645
4th August, 1995	On conversion from Company's Preference Shares	829,169
20th December, 1995	Placing and Open Offer	61,567,719
21st December, 1995 to 9th April, 1996	On exercise of options under the Sharesave Scheme	31,434

On 4th August, 1995 2,786 Preference Shares were redeemed on exercise of the holders' exchange rights for Ordinary Shares.

Substantial Interests

As at 12th June, 1996 the Company has been notified that the following shareholders held or were beneficially interested in Ordinary Shares amounting to 3 per cent. or more of the issued Ordinary Share Capital of the Company:

	No. of shares (m)	% of issued capital
Schroder Investment Management Ltd	79.3	18.4
Mercury Asset Management plc	47.3	10.9

Reappointment of Directors

The directors listed on page 24 constituted the Board throughout the year other than Mr. M. J. Cassidy who was appointed on 25th January, 1996. Mr. D. C. Berry and Mr. S. L. Kalman retire by rotation at the Annual General Meeting and are eligible for re-election. Mr. Berry has a service contract with the Company which expires on 5th April, 1997. Mr. Kalman has a two year rolling service contract with the Company. Mr. Cassidy retires in accordance with Article 123 of the Articles of Association of the Company, having been appointed since the last Annual General Meeting, and is eligible for re-election. Mr. Cassidy does not have a service contract with the Company.

Directors' Interests in Contracts

Except as stated in Note 13 on page 38, no contract subsisted during the year in relation to the Company's business in which any director was materially interested.

Directors' and Officers' Liability Insurance

The Company purchases liability insurance covering the directors and officers of the Company and its subsidiaries.

Employee Share Scheme

Under The British Land Employee Share Scheme, formed pursuant to the terms of the Finance Act 1978, as amended, full time directors and employees who have served the Company for at least five years may receive allocations of Ordinary Shares of 25p each in the Company. The five-year service qualification may be reduced at the discretion of the directors in selected cases. The Finance Act 1996 reduced the period for which shares need to be held in trust under this scheme from five to three years. 65,748 Ordinary Shares were allotted to the Trustees of the scheme and allocated to 66 participants in August, 1995. 11,706 of these shares were allocated to the full time directors and are included in the total number of shares in which the directors have a beneficial interest shown on page 24.

Sharesave Scheme

Under The British Land Sharesave Scheme, executive directors and employees who have served the Company for at least two years may be offered options to purchase shares, tied to a savings contract, over a five year period. The Finance Act 1996 contains provisions to reduce the minimum period for savings contracts from five to three years and to reduce the minimum monthly savings to £5. Shareholder approval for these changes will be sought at the forthcoming Annual General Meeting. Options are held by 64 employees and directors to purchase a total of 434,239 fully paid Ordinary Shares at prices of 162p and 323p per share and normally exercisable in the six month periods following 1st September, 1997 and 1st March, 2001. The options held by directors under this scheme are shown on page 24.

Share Option Scheme

Options are held by 37 employees and directors pursuant to The British Land Company PLC 1984 Share Option Scheme, which is approved under the terms of the Finance Act 1984, to purchase a total of 3,401,638 fully paid Ordinary Shares at between 144p and 394p per share and exercisable between December, 1987 and January, 2006. These options are exercisable not less than 3 years (5 years in certain cases) and not more than 10 years after the date of grant. As at 12th June, 1996, options over 2,413,476 shares had been exercised by the above mentioned employees and directors. The options held by directors under this scheme are shown on page 24.

Employment Policy

The Group places emphasis on employee involvement and the Company has a well established employee share scheme founded pursuant to the Finance Act 1978 as amended, and a Sharesave scheme which extends the benefit of employee share options more widely. These schemes are described above.

During the year, normal pension age under The British Land Group of Companies Pension Scheme was equalised for men and women at age 60. There were no other major changes in the Group's pension schemes during the year. In the United Kingdom separate pension fund reports are made available to members.

The Group has a continuing policy of giving disabled people full consideration as employees and for all job vacancies for which they offer themselves as suitable applicants and has regard to their particular aptitudes and abilities.

Charitable Donations

£49,000 was donated during the year. No contributions were made for political purposes.

Income and Corporation Taxes Act 1988

The Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

Taxation of Capital Gains

The market value at 31st March, 1982 of the Ordinary 25p Shares of the Company, for the purpose of capital gains tax indexation allowance, was 85.5p prior to adjustment for capitalisation or rights issues.

Personal Equity Plans

The Company runs two Personal Equity Plans (PEPS) administered by Barclays Stockbrokers Ltd. The PEPS offer significant tax advantages to investors with low costs and minimal paperwork.

Notification of Directors' Resolution relating to the CREST System

The Stock Exchange has announced that it intends to replace the existing TALISMAN system for settling of bargains with a new system to allow for electronic share settlements called CREST. This system will facilitate paperless settlement, reducing the costs and risks of moving shares, bonds and cash from one owner to another. A leaflet issued by CRESTCo Limited explaining the new system has been circulated to Shareholders with the 1996 Annual Report and Accounts.

Your directors have resolved to include the Company's Ordinary Shares and Cumulative Convertible Redeemable Preference Shares in CREST and are required to give you formal notice of that resolution. Accordingly notice is hereby given in accordance with the Uncertificated Securities Regulations 1995 that on 7th June, 1996 the Company resolved by a resolution of its directors that the title of the Ordinary Shares of 25p each and of the Cumulative Convertible Redeemable Preference Shares of £1 each in the capital of the Company, in issue or to be issued, may be transferred by means of a relevant system. The resolution of the directors will become effective immediately prior to CRESTCo Limited granting permission for the shares concerned to be transferred by means of the CREST system.

Statement of Directors' Responsibilities

The directors are required to prepare financial statements which comply with the Companies Act 1985 on a going concern basis (unless inappropriate) and which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit for that period. In preparing these financial statements suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and applicable accounting standards have been followed.

The directors are responsible for ensuring that proper and adequate accounting records have been maintained and that reasonable procedures have been followed for safeguarding the assets of the Group and for preventing and detecting fraud and other irregularities.

The directors are also responsible for the Company's system of internal financial control, which is designed to meet the Company's particular needs and the risks to which it is exposed.

Corporate Governance

The Company throughout the year has complied with the Code of Best Practice published by the Committee on the Financial Aspects of Corporate Governance except that, until the appointment of Mr. Cassidy in January, 1996, the Company's audit committee consisted of the two non-executive directors rather than three as recommended by Code Provision 4.3.

After making enquiries and examining major areas which could give rise to significant financial exposure, the directors are satisfied that no material or significant exposures exist other than as reflected in these financial statements and that the Company has adequate resources to continue its operations for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

Internal Control

The Company maintains a system of internal financial controls, including monitoring procedures, in order to provide reasonable but not absolute assurance of the maintenance of proper accounting records and the reliability of the financial information used within the business and for publication.

The system of internal financial control includes:

- a management reporting system which includes regular working capital reports and forecasts;
- regular reporting to the Board on financial and treasury matters;

- the regular review by Board and other committees of the risk implications of matters such as new treasury products and major transactions;
- control of expenditure and progress on development projects;
- a detailed authorisation process which ensures that no commitments are entered into without competent and proper authorisation by more than one approved executive;
- a defined schedule of matters reserved for decision by the Board; and
- the close involvement of the executive directors with the day to day operational matters of the Company.

The directors have established a number of committees of the Board, including a Remuneration Committee and an Audit Committee, both of which comprise the three non-executive directors.

The Audit Committee has reviewed the effectiveness of the Company's systems of internal financial control.

The Environment

The Company is committed to minimising adverse impact on the environment. It therefore encourages a continuous assessment and awareness of its environmental responsibilities. The Company's policy is to meet and, where practicable, exceed the requirements of all applicable legislation and standards of the countries in which it is operating.

Prior to acquiring property, the Company ensures that environmental risks are controlled by using fit and proper consultants to assess sites. Attention is given to environmental issues and sensitive sites are only developed with appropriate regard to mitigating measures.

In the development of new properties, the Company has regard to best environmental practice represented in the Environmental Code of Practice for Buildings and their Services and the Building Research Establishment's Environmental Assessment Method. It actively encourages its design consultants to aim for good environmental performance with due consideration of energy efficiency, avoidance of materials hazardous to health and avoidance of substances acknowledged to be implicated in climate change. Careful choice of building materials, appropriate design of facades and specification of environmentally friendly materials contribute to good environmental performance.

Existing properties are managed in order to achieve a low environmental impact. This involves efficient maintenance procedures, regular repairs and improvements. Assessments are undertaken of energy consumption, use of hazardous materials and materials with significant environmental impact. Recycling is encouraged. Hazardous materials revealed by inspection are removed and disposed of in accordance with the relevant regulations and requirements of duty of care.

The Company recognises the importance of and encourages the education and training of its employees, agents and consultants on environmental issues.

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.

Health and Safety

The Board is committed to achieving the highest standards of care in its attention to health, safety and fire prevention. The Board requires safe working practices to ensure that employees, tenants and the general public are not harmed by the Company's activities.

Auditors

Binder Hamlyn are willing to continue in office and resolutions concerning their re-appointment and remuneration will be proposed at the Annual General Meeting.

This report was approved by the Board on 12th June, 1996.

C. Henry Braine

Anthony Braine
Secretary

Report of the Remuneration Committee

1. The Remuneration Committee

The Remuneration Committee consists of the Company's three non-executive directors: Mr. Peter Simon (Chairman of the Committee), Mr. John Spink and Mr. Michael Cassidy. Mr. Simon and Mr. Spink have served on the Committee throughout the year. Mr. Cassidy joined the Committee following his appointment as a director of the Company on 25th January, 1996 on which date Mr. J. H. Ritblat retired from the Committee. Throughout the year to 31st March, 1996, the Company has complied with Section A of the best practice provisions on directors' remuneration annexed to the Listing Rules of the London Stock Exchange, save that the committee did not consist exclusively of the non-executive directors until Mr. Ritblat's retirement.

The Committee has given full consideration to section B of the best practice provisions on directors' remuneration.

2. Remuneration Policy

The Company's executive remuneration policy is a product of the requirements for operating as a large property company with entrepreneurial flair. The Company operates with a small, highly skilled, and experienced head office staff. The retention and motivation of staff of the calibre to manage and develop the business of the Company is fundamental to the Company's success. There are 6 executive directors and 30 executives managing a business with gross assets of £4.5 billion. 12 members of this team have over 10 years service and 26 over 5 years.

The comparative group are the four other largest property companies, together with companies within ten places above or below British Land in the FTSE 250 where they offer scope for relevant and meaningful comparisons, with reference also in the case of specialist appointments to comparative rewards in those specialities.

3. Components of Remuneration

Components of remuneration are:

(i) Basic salary.

(ii) Annual bonus where considered appropriate following appraisal of individual contribution made during the preceding year.

(iii) Long Term Incentives.

The Company's long-term incentive bonus scheme, referred to in earlier Annual Reports, provided directors and executives with performance targets directly related to growth in the share price value over a three to ten year period. In September, 1995 the Remuneration Committee decided it would be appropriate to terminate the scheme as no further grants were to be made, and it had achieved its original purpose. The payments shown in the table below were therefore made in the year to 31st March, 1996. However, in pursuance of the scheme's incentive objective, directors were required to leave in escrow with the Company (the Company having first deducted the appropriate tax) cash and securities as detailed in the table, only to be released as provided. The quantum of payments is directly linked to the 243% growth from 170p to 413p in market value per ordinary share of the Company in the period from April, 1992 to September, 1995.

The Company operates an executive Share Option Scheme as approved by shareholders at the Annual General Meeting in 1994. All options are granted at market value and subject to a performance test which compares the growth in the Company's net asset value against the Capital Growth Index of the Investment Property Databank, which is considered the most appropriate benchmark for a property investment company. The scheme will continue in operation, future grants being made with regard to the Greenbury Committee's comments on spreading option grants. Following the announcement by the Chancellor of the Exchequer in July, 1995 that he was withdrawing income tax relief on options granted under this type of scheme, the Company is in discussions with the Inland Revenue to agree an amendment to the scheme rules which will permit the grant of future options not attracting income tax relief but without prejudicing such relief for subsisting options. This amendment does not require shareholder approval.

The Company has a well established Employee Share Scheme founded pursuant to the Finance Act 1978 as amended, and a Sharesave Scheme which extends the benefit of employee share options.

4. Directors' Emoluments for the year ended 31st March, 1996

i) Salary and benefits

	Salary £	Annual Bonus £	Pension Contribution £	Benefits £	**1996 Total £**	1995 Total £
J. H. Ritblat	386,500	35,000	195,390	10,055	**626,945**	531,124
C. Metliss	201,450	15,000		12,684	**229,134**	231,118
J. H. Weston Smith	195,000	15,000		12,314	**222,314**	217,224
D. C. Berry	191,000		68,760	21,147	**280,907**	276,875
P. W. Simon	18,000				**18,000**	18,000
S. L. Kalman	141,100		50,796	14,902	**206,798**	202,214
J. D. Spink	18,000				**18,000**	18,000
N. S. J. Ritblat	121,000	10,000	43,560	7,800	**182,360**	158,460
M. J. Cassidy	3,969				**3,969**	
	1,276,019	75,000	358,506	78,902	**1,788,427**	1,653,015

The pension entitlements detailed in the table above, are on the basis of contributions paid, in respect of each director, for the year ended 31st March, 1996

ii) Directors' interests in terminated Long Term Incentive Bonus Scheme and Totals

	Paid during year To 31.3.96 £	Paid during year To 31.3.95 £	To be paid/released in year to 31.3.97 (note 3) £	Ordinary Shares (note 1)	Cash equivalent gross of tax £	To be released in year to 31.3.98 (note 3) 6% Irredeemable Convertible Bonds £ nominal (note 2)	Cash equivalent gross of tax £	To be released in year to 31.3.99 (note 3) 6% Irredeemable Convertible Bonds £ nominal (note 2)	Cash equivalent gross of tax £	Total emoluments including cash and securities only to be released in future years as shown **Year to 31.3.96 £**	Year to 31.3.95 £
J. H. Ritblat	**1,048,170**	220,491	311,946			216,175	*311,945*	64,825	*93,543*	**2,392,549**	751,615
C. Metliss	**549,570**	126,935	179,584	17,048	*105,661*	51,000	*73,924*			**1,137,873**	358,053
J. H. Weston Smith	**551,445**	115,824	163,866	15,017	*92,645*	49,373	*71,238*	34,627	*49,960*	**1,151,468**	333,048
D. C. Berry	**543,592**	115,824	163,866	6,896	*42,627*	83,881	*121,264*	29,119	*42,098*	**1,194,354**	392,699
S. L. Kalman	**376,203**	78,879	111,596	5,791	*35,949*	52,156	*75,721*	23,844	*34,618*	**840,885**	281,093
N. S. J. Ritblat	**298,753**	62,455	88,360	2,881	*17,900*	48,516	*70,499*	19,484	*28,312*	**686,184**	220,915
	3,367,733	720,408	1,019,218		*294,782*		*724,591*		*248,531*	**7,403,313**	2,337,423
Non-executive directors:										**39,969**	36,000
										7,443,282	2,373,423

note 1 Ordinary Shares acquired at 370p per share.
note 2 6% Bonds acquired at £86.533 per cent including accrued interest.
note 3 The cash equivalent values of retained securities shown for years 31.3.97 to 31.3.99 are calculated on the basis of the historical prices as shown in notes 1 and 2 above.

5. Directors' options by date of grant and exercise price

1984 Share Option Scheme

Date Granted	Price p	First Exercise Date	Expiry Date	J H Ritblat 1.4.95	J H Ritblat 31.3.96	J H Ritblat Exercised during year	C Melliss 1.4.95	C Melliss 31.3.96	C Melliss Exercised during year	J H Weston Smith 1.4.95	J H Weston Smith 31.3.96	J H Weston Smith Exercised during year	D C Berry 1.4.95	D C Berry 31.3.96	D C Berry Exercised during year	S L Kalman 1.4.95	S L Kalman 31.3.96	S L Kalman Exercised during year	N S J Ritblat 1.4.95	N S J Ritblat 31.3.96	N S J Ritblat Exercised during year
16.12.87	230	16.12.90	15.12.97													20,200	20,200				
6.7.88	335	6.7.91	5.7.98	48,480		48,480 B	32,572		32,572 D	32,572		32,572 B	32,572	32,572		10,100	10,100				
28.12.88	320	28.12.91	27.12.98													14,645	14,645				
20.6.89	345	20.6.92	19.6.99	82,113		82,113 B	35,047		35,047 D	34,845		34,845 B	30,401	30,401		20,301	20,301				
10.4.92	170	10.4.95	9.4.2002	41,006		41,006 B	107,262		107,262 A	23,836		23,836 B	22,725		22,725 C	19,695	19,695		51,106	51,106	
10.4.92	144	10.4.97	9.4.2002	171,094	171,094					87,163	87,163		88,678	88,678		58,580	58,580		37,168	37,168	
8.1.93	186	8.1.96	7.1.2003	*159,137*	*159,137*					*87,163*	*87,163*		*88,678*	*88,678*		*51,590*	*51,590*		*29,019*	*29,019*	
6.7.94	380	6.7.97	5.7.2004	40,897	40,897					24,786	24,786		13,587	13,587		16,209	16,209		21,297	21,297	
6.7.94	322	6.7.99	5.7.2004	13,682	13,682					8,309	8,309		4,576	4,576		5,435	5,435		7,165	7,165	
6.7.94	380	6.7.97	5.7.2004	*13,682*	*13,682*					*8,309*	*8,309*		*4,576*	*4,576*		*5,435*	*5,435*		*7,165*	*7,165*	
23.1.96	394	23.1.99	22.1.2006		132,418						60,092									11,244	
23.1.96	394	23.1.2001	22.1.2006		163,365						90,191									47,957	
				397,272	521,456	171,599	174,881		174,881	211,511	270,541	91,253	192,539	169,814	22,725	165,165	165,165		116,736	175,937	

A Exercised on 15.6.1995, market price on that day was 411.5p
B Exercised on 5.7.1995, market price on that day was 412.5p
C Exercised on 13.7.1995, market price on that day was 422.5p
D Exercised on 28.7.1995, market price on that day was 416.5p

The options in italics are linked to a corresponding grant of options. Accordingly the exercise of one linked option over a number of shares automatically causes its counterpart to lapse in respect of the same number of shares; therefore the options in italics do not increase the total number of shares under option. The totals in the table reflect the number of shares under option. All new grants of options are subject to a performance target which has been approved by the Association of British Insurers and the National Association of Pension Funds. The middle market quotation for the Ordinary 25p Shares of the Company at the close of business on 29th March, 1996 was 382.5p. The highest and lowest middle market quotations during the year to 31st March 1996 were 434p and 356p.

Sharesave Scheme

Date Granted	Price p	First Exercise Date	Expiry Date	J H Ritblat 1.4.95	J H Ritblat 31.3.96	J H Ritblat Exercised during year	C Melliss 1.4.95	C Melliss 31.3.96	C Melliss Exercised during year	J H Weston Smith 1.4.95	J H Weston Smith 31.3.96	J H Weston Smith Exercised during year	D C Berry 1.4.95	D C Berry 31.3.96	D C Berry Exercised during year	S L Kalman 1.4.95	S L Kalman 31.3.96	S L Kalman Exercised during year	N S J Ritblat 1.4.95	N S J Ritblat 31.3.96	N S J Ritblat Exercised during year
1.12.90	198	1.12.95	31.5.96																5,681	5,681	
1.9.92	162	1.9.97	28.2.98	11,546	11,546		11,546	11,546		11,546	11,546		11,546	11,546		11,546	11,546		4,618	4,618	
1.3.96	323	1.3.2001	31.8.2001																	3,204	
				11,546	11,546		11,546	11,546		11,546	11,546		11,546	11,546		11,546	11,546		10,299	13,503	

6. Directors and their Interests in Share and Loan Capital

Beneficial interests of the directors in the share and loan capital of the Company.

	Fully Paid Ordinary Shares in the Company			Options over Ordinary Shares in the Company: Sharesave Scheme			Options over Ordinary Shares in the Company: 1984 Option Scheme			6% Irredeemable Convertible Bonds (£ nominal)		
	12th June 1996	**31st March 1996**	31st March 1995	12th June 1996	**31st March 1996**	31st March 1995	12th June 1996	**31st March 1996**	31st March 1995	12th June 1996	**31st March 1996**	31st March 1995
J. H. Ritblat	2,982,713	**2,982,713**	2,980,762	11,546	**11,546**	11,546	521,456	**521,456**	397,272	281,000	**281,000**	
C. Metliss	119,352	**119,352**	108,353	11,546	**11,546**	11,546			174,881	51,000	**51,000**	
J. H. Weston Smith	105,125	**105,125**	88,157	11,546	**11,546**	11,546	270,541	**270,541**	211,511	84,000	**84,000**	
D. C. Berry	48,291	**48,291**	41,942	11,546	**11,546**	11,546	169,814	**169,814**	192,539	113,000	**113,000**	
P. W. Simon	22,062	**22,062**	17,408									
S. L. Kalman	42,369	**42,369**	34,367	11,546	**11,546**	11,546	165,165	**165,165**	165,165	76,000	**76,000**	
J. D. Spink	2,938	**2,938**	2,964									
N. S. J. Ritblat	20,168	**20,168**	15,336	7,822	**13,503**	10,299	124,831	**175,937**	116,736	68,000	**68,000**	
M. J. Cassidy												

Mr. J. H. Ritblat also held £1,000,000 nominal beneficially and £20,000 nominal non-beneficially of the Company's 8⅞% First Mortgage Debenture Bonds 2035 (1995 – nil). On 3rd April, 1996 Mr. N. S. J. Ritblat purchased £230,000 nominal of the Company's 8⅞% Bonds 2023. Mr J. D. Spink also holds five Cumulative Convertible Redeemable Preference Shares of the Company (1995 – 5).

In consequence of the Company's Placing and Open Offer announced on 2nd March, 1995, the numbers and prices of options under the 1984 Share Option Scheme and Sharesave Scheme were amended by multiplying option prices per share by 0.99 and multiplying the number of shares by 1.01. These amendments were made pursuant to the rules of the schemes, confirmed by the Company's auditors, Binder Hamlyn, as fair and reasonable, and approved by the Inland Revenue. Options shown in the table above reflect these changes.

7. Pensions

The Company's principal pension scheme, The British Land Group of Companies Pension Scheme, provides a funded defined benefit pension with a normal retirement date at age 60. Basic salary alone is pensionable. The study group on directors' remuneration chaired by Sir Richard Greenbury recommended that the remuneration committee's report should include details of pension entitlements calculated on a basis to be recommended by the Faculty of Actuaries and the Institute of Actuaries. These bodies have now recommended bases for disclosure which are being considered by the Stock Exchange. Pending the issue of definitive guidance on the disclosure requirements, the Company is continuing to disclose pension entitlements on the basis of contributions paid in respect of each director but will adopt any changed disclosure requirements when they are established.

8. Contracts of Service

The only directors' service contracts which provide for notice periods in excess of one year are Mr. S. L. Kalman and Mr. N. S. J. Ritblat, who hold two and three year rolling contracts respectively.

9. Compensation Payments on Early Termination

The Company applies the principle of mitigation in the event of early termination of service contracts.

Peter Simon
Chairman of Remuneration Committee
12th June, 1996

Report by the Auditors to THE BRITISH LAND COMPANY PLC on Corporate Governance Matters

In addition to our audit of the financial statements, we have reviewed the directors' statements on pages 19 and 20 on the Company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code which is not disclosed.

We carried out our review in accordance with Bulletin 1995/1 "Disclosures relating to corporate governance" issued by the Auditing Practices Board. That Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the company's system of internal financial control or its corporate governance procedures nor on the ability of the Company and Group to continue in operational existence.

Opinion

With respect to the directors' statements on internal financial control on pages 19 and 20 and going concern on page 19, in our opinion the directors have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for directors) and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the Company, and examination of relevant documents, in our opinion the directors' statement on pages 19 and 20 appropriately reflects the Company's compliance with the other paragraphs of the Code specified for our review.

Binder Hamlyn Binder Hamlyn

Chartered Accountants
20 Old Bailey, London EC4M 7BH
12th June, 1996

Report of the Auditors to the members of THE BRITISH LAND COMPANY PLC

We have audited the financial statements on pages 26 to 40 which have been prepared on the basis of the accounting policies set out on page 40.

Respective Responsibilities of Directors and Auditors

As described on page 19, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with 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 judgements 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 of the state of affairs of the Company and of the Group as at 31st March, 1996 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Binder Hamlyn Binder Hamlyn

Chartered Accountants
Registered Auditors
20 Old Bailey, London EC4M 7BH
12th June, 1996

Statement of Operations for the year ended 31st March, 1996

Consolidated Profit and Loss Account	Note	1996 Revenue £m	1996 Capital £m	1996 Total £m	1995 Revenue £m	1995 Capital £m	1995 Total £m
Operating profit (including £13.1m from Broadgate Properties Plc since 15th January, 1996)	A	204.0		204.0	161.5		161.5
Disposal of fixed assets			4.0	4.0		(1.2)	(1.2)
Profit before interest		204.0	4.0	208.0	161.5	(1.2)	160.3
Interest	C	(138.3)		(138.3)	(102.9)		(102.9)
Realised exchange movements						(1.9)	(1.9)
Redemption of loan stocks			(7.6)	(7.6)		(6.4)	(6.4)
Profit on ordinary activities before taxation		65.7	(3.6)	62.1	58.6	(9.5)	49.1
Taxation	D	11.7	(0.8)	10.9	13.8	0.8	14.6
Profit after taxation		54.0	(2.8)	51.2	44.8	(10.3)	34.5
Minority interest		0.2		0.2			
Profit for the year		53.8	(2.8)	51.0	44.8	(10.3)	34.5
Preference dividend (non equity)		7.7		7.7	8.0		8.0
Profit attributable to ordinary shareholders		46.1	(2.8)	43.3	36.8	(10.3)	26.5
Ordinary dividend	E	36.8		36.8	28.2		28.2
Retained		9.3	(2.8)	6.5	8.6	(10.3)	(1.7)
Earnings per share	F	11.9p	(0.7)p	11.2p	11.7p	(3.3)p	8.4p
Fully diluted earnings per share	F	13.2p	(0.6)p	12.6p	13.5p	(2.8)p	10.7p

Total Recognised Gains and Losses	1996 Total £m	1995 Total £m
Profit for the year	51.0	34.5
Unrealised surplus (deficit):		
on revaluation – properties	74.9	46.6
attributable to minority interest	(3.2)	
– investments	(1.1)	(3.5)
Taxation on prior year revaluation surplus		(1.6)
Exchange movements on net investments	2.5	0.4
Total recognised gains and losses	124.1	76.4

Historical Cost Profits and Losses G

A Operating Profit

Operating income	1996 £m	1995 £m	Profit 1996 £m	Profit 1995 £m
Rental income	239.8	191.2	202.8	156.8
Rents payable	(3.9)	(2.3)		
Other property outgoings	(15.0)	(15.0)		
	220.9	173.9		
Fees and commissions	1.8	4.3	0.9	2.4
Administrative expenses	(19.0)	(19.0)		
Dividends: listed	1.0	0.8	1.0	0.8
unlisted	1.6	0.4	1.6	0.4
	206.3	160.4	206.3	160.4
Profit on property trading				
Sale proceeds	31.1	33.0		
Cost of sales	29.0	31.1		
Gross profit	2.1	1.9		
Administrative expenses	1.0	0.8		
	1.1	1.1	1.1	1.1
Associated companies			(3.4)	
Operating profit			204.0	161.5

Broadgate Properties Plc

As explained in note 10, on 15th January, 1996 the Group acquired the half interest it did not already own in Broadgate Properties Plc. The share of associated companies' profits and losses includes the relevant share of the losses of Broadgate Properties Plc up to the date on which it became a subsidiary. From that date net rental income of £14 million and operating profits of £13.1 million are included in Group operating profit.

Turnover and profit from the above segments are derived from continuing operations predominantly in the United Kingdom.

In arriving at the operating profit the following items have been included:	1996 £m	1995 £m
Amortisation and depreciation	0.9	0.7
Auditors' remuneration	0.6	0.5
Fees to Company's auditors for non-audit work	0.9	0.6

B Directors' Emoluments and Staff Costs

Directors' emoluments	Chairman 1996 £m	Chairman 1995 £m	Total 1996 £m	Total 1995 £m
Salaries	0.4	0.4	1.4	1.4
Pension contributions	0.2	0.1	0.4	0.3
Long term incentive bonus*	1.8	0.2	5.6	0.7
	2.4	0.7	7.4	2.4

Other Directors (excluding pension contributions)	1996	1995
£0 – £5,000	1	
£15,000 – £20,000	2	2
£180,000 – £185,000		1
£230,000 – £235,000		1
£315,000 – £320,000		1
£330,000 – £335,000		1
£355,000 – £360,000		1
£640,000 – £645,000*	1	
£785,000 – £790,000*	1	
£1,125,000 – £1,130,000*	1	
£1,135,000 – £1,140,000*	1	
£1,150,000 – £1,155,000*	1	

The amounts shown include sums not presently released to the directors marked * and subject to restrictions until the financial years 1997-1999 as set out in table 4(ii) in the report of the remuneration committee.

Staff costs (including Directors)	£m	£m
Wages and salaries	12.0	7.8
Social security costs	1.2	0.8
Pension contributions	1.2	1.1
	14.4	9.7

Average number of employees of the Group during the year was 303 (1995 – 280) of which some 181 (1995 – 175) were employed directly at the Group's properties and their costs recharged to tenants.

C Interest

	1996 £m	1995 £m
Payable on loans	153.3	118.0
Deduct: development cost element	3.3	0.8
	150.0	117.2
Receivable on: deposits and securities	(7.0)	(14.3)
loans to associated companies	(4.7)	
	138.3	102.9

D Taxation

Revenue		
U.K. corporation tax	7.6	10.4
Tax on franked investment income	0.3	0.2
Deferred tax	3.6	
Overseas tax	1.2	3.2
Prior years	(1.0)	
	11.7	13.8
Capital	(0.8)	0.8
	10.9	14.6

E Ordinary Dividends

	1996	1995		
Interim paid	2.78p	2.64p	12.0	8.1
Proposed final	5.77p	5.48p	24.8	20.1
	8.55p	8.12p	36.8	28.2

F Earnings per Share

Earnings for the year are based on profit attributable to ordinary shareholders and on weighted average 388.6m shares (1995 – 310.5m). Diluted earnings are based on 451.9m shares (1995 – 374.2m) assuming conversion into Ordinary Shares of both 8.625% (gross) Cumulative Convertible Redeemable Preference Shares and 6% Subordinated Irredeemable Convertible Bonds. The comparative earnings have been adjusted to reflect the Open Offer announced in November 1995.

G Historical Cost Profits and Losses

	1996 £m	1995 £m
Profit on ordinary activities before taxation	62.1	49.1
Realisation of prior year revaluations	7.4	9.4
Historical cost profit on ordinary activities before taxation	69.5	58.5
Historical cost profit for the year retained after taxation, minority interest and dividends	13.9	6.1

H Parent

Profit on ordinary activities after taxation attributable to parent was £185.3m (1995 – loss £11.7m).

Group Cash Flow Statement for the year ended 31st March, 1996

	Note	1996 £m	1996 £m	1995 £m	1995 £m
Net Cash Inflow from Operating Activities	a		214.1		167.1
Returns on Investments and Servicing of Finance					
Interest received		11.9		14.3	
Dividends received		2.6		1.2	
Interest paid		(185.9)		(116.1)	
Dividends paid		(43.8)		(31.4)	
			(215.2)		(132.0)
Net Cash (Outflow)/Inflow from Operating Activities after interest and dividends			(1.1)		35.1
Taxation paid			(11.9)		(8.7)
Investing Activities: Purchase and Sale of Properties and Investments					
Purchase of properties		(367.3)		(515.2)	
Sale of properties		143.8		21.7	
Purchase of a subsidiary (note 10)		(124.9)		(130.4)	
Purchase of investments		(18.9)		(111.4)	
Sale of investments		22.4		41.6	
Administration		(1.0)		(0.8)	
			(345.9)		(694.5)
Net Cash Outflow before Financing			(358.9)		(668.1)
Net Cash Inflow from Financing					
Issue of Ordinary Shares		224.3		211.3	
Additions to Loan Stocks		246.4			
Repayment of Loan Stocks		(116.1)		(63.2)	
Net (decrease)/increase in bank and other borrowings		(72.2)		412.4	
	b		282.4		560.5
Decrease in Cash and Cash Equivalents	c		(76.5)		(107.6)

Notes to the Group Cash Flow Statement

a Reconciliation of Operating Income to Net Cash Inflow from Operating Activities

	1996 £m	1995 £m
Operating income	206.3	160.4
Dividends received	(2.6)	(1.2)
Depreciation	0.9	0.7
Net increase in creditors		
less debtors	9.5	7.2
Net Cash Inflow from Operating Activities	214.1	167.1

b Analysis of changes in financing during the year

	Share Capital (Including Premium) £m	Borrowings £m	Total £m
At 1st April, 1995	770.8	1,328.8	2,099.6
Cash inflows from financing	224.3	58.1	282.4
Debt held by subsidiary acquired		796.3	796.3
Other non cash movements		7.9	7.9
At 31st March, 1996	995.1	2,191.1	3,186.2

Other non cash movements include exchange movements and amortisation of deferred income.

c Reconciliation of Cash and Cash Equivalents with the Balance Sheet

	1996 £m	Cash held by Subsidiary Acquired £m	1995 £m	Net Change in year £m
Deposits and cash at bank	96.0	37.0	148.9	(89.9)
Long term deposits	(23.6)	(27.0)	(10.0)	13.4
Cash and cash equivalents	72.4	10.0	138.9	(76.5)

Balance Sheets 31st March, 1996

Parent 1996 £m	Parent 1995 £m		Note	Group 1996 £m	Group 1995 £m
		Fixed Assets			
		Tangible assets			
		Properties	1	**3,992.0**	2,651.4
1.1	1.1	Vehicles and equipment		**2.2**	1.7
5,378.3	3,894.0	Investments	2	**69.6**	166.8
5,379.4	3,895.1			**4,063.8**	2,819.9
		Current Assets			
		Properties of trading subsidiaries	1	**226.2**	217.8
759.7	288.1	Debtors	3	**40.1**	43.8
		Investments	4	**7.5**	10.7
55.0	112.8	Deposits and cash at bank		**96.0**	148.9
814.7	400.9	Total current assets		**369.8**	421.2
2,377.5	1,887.4	Creditors due within one year	5	**432.0**	469.8
(1,562.8)	(1,486.5)	Net current liabilities		**(62.2)**	(48.6)
3,816.6	2,408.6	Total assets less current liabilities		**4,001.6**	2,771.3
2,253.5	1,200.2	Creditors due after one year	6	**1,986.5**	1,045.5
146.3	146.3	Irredeemable Convertible Bonds	7	**146.3**	146.3
1,416.8	1,062.1	**Net Assets**		**1,868.8**	1,579.5
		Capital and Reserves			
107.9	92.1	Called up share capital		**107.9**	92.1
887.2	678.7	Share premium		**887.2**	678.7
		Capital reserves			
0.2	0.2	Capital redemption reserve		**0.2**	0.2
		Unrealised			
40.0	40.0	revaluation		**591.3**	528.1
(0.1)	(54.9)	other		**(23.0)**	(30.6)
330.3	279.4	Realised		**91.0**	104.2
51.3	26.6	Revenue reserve		**214.2**	206.8
1,416.8	1,062.1	**Shareholders' Funds** (including non equity interests)	9	**1,868.8**	1,579.5

John Ritblat

John Weston Smith

Directors

Approved by the Board on 12th June, 1996

1 Properties

	Freehold £m	Leasehold Long £m	Leasehold Short £m	Total £m
Fixed assets held by investment subsidiaries				
Valuation 1st April, 1995	2,362.7	288.7		2,651.4
Cost and valuation:				
Exchange fluctuations	3.5	(0.9)		2.6
Additions	317.0	17.1		334.1
Purchase of a subsidiary	643.2	401.0		1,044.2
Disposals	(110.9)	(4.3)		(115.2)
Revaluation	66.5	8.4		74.9
Valuation 31st March, 1996	3,282.0	710.0		3,992.0
Current assets held by trading subsidiaries				
Net book value 31st March, 1996	159.6	62.6	4.0	226.2
31st March, 1995	167.6	45.3	4.9	217.8
Total properties				
Net book value 31st March, 1996	3,441.6	772.6	4.0	4,218.2
31st March, 1995	2,530.3	334.0	4.9	2,869.2

Properties valued at £979m were charged to secure Group borrowings.

Investment properties were valued by external valuers on the basis of open market value in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors.

	£m
On an open market basis	
External valuations:	
United Kingdom: Weatherall Green & Smith	4,092.0
Overseas: Jones Lang Wootton	102.5
Richard Ellis	72.2
	4,266.7
Lower of cost and net realisable value	
Properties in course of development	30.9
	4,297.6
Representing:	
Total properties at book value	4,218.2
Surplus over book value of properties held by trading subsidiaries	79.4
	4,297.6

The historical cost of properties held by investment subsidiaries was £3,405m (1995 – £2,124m).

2 Investments

Parent: Shares in subsidiaries £m	Parent: Loans to subsidiaries £m	Parent: Shares in associated companies £m	Parent: Loans to associated companies £m	Parent: Other investments Unlisted £m	Parent: Total £m		Group: Shares in associated companies £m	Group: Loans to associated companies £m	Group: Other investments Listed £m	Group: Other investments Unlisted £m	Group: Total £m
2,257.3	1,620.7		3.5	12.5	3,894.0	1st April, 1995	72.8	74.8	14.4	4.8	166.8
807.0	697.0	17.4	1.0		1,522.4	Additions	17.4	1.7	7.0	3.1	29.2
(33.6)			(4.5)		(38.1)	Disposals		(4.6)		(5.7)	(10.3)
						Transfer to subsidiary	(61.6)	(50.0)			(111.6)
						Losses attributable to associated companies	(3.1)	(0.3)			(3.4)
						Revaluation	1.5	(2.6)			(1.1)
3,030.7	2,317.7	17.4		12.5	5,378.3	31st March, 1996	27.0	19.0	21.4	2.2	69.6

The principal operating subsidiaries are shown on page 39.

For the year ended 31st March, 1996 dividends and interest from Group investments amounted to £6.8m (1995 – £10.1m).

The historical cost of Group investments is £69.1m (1995 – £165m).

Shares in subsidiaries are included at cost or directors' valuation in 1977 and 1995; their historical cost is £3,030m (1995 – £2,257m).

		Percentage holding	Issued Ordinary Share Capital	Loan Capital
	Associated Companies			
PROPERTY	The Public House Company Limited	50%		
	Chiswick Park Limited	50%	£4m	
Ireland	Custom House Docks Development Company Limited	50%	I£0.7m	
HOTELS	Friendly Lodges (UK) Limited	50%		

The Public House Company Limited is a joint venture with Scottish & Newcastle plc owning circa £200 million worth of properties let to Chef & Brewer, a subsidiary of Scottish & Newcastle plc, financed by a £160 million bank loan.

		Percentage holding	Issued Ordinary Share Capital	Loan Capital
	Listed Investment			
PROPERTY	Five Oaks Investments PLC	28.9%	£4.7m	£14.5m

3 Debtors

Parent 1996 £m	Parent 1995 £m		Group 1996 £m	Group 1995 £m
0.6	0.6	Trade debtors	**27.8**	15.9
757.3	260.8	Amounts owed by group companies		
	25.2	Corporation tax		
0.4	0.1	Amounts owed by associated companies	**0.4**	12.4
1.4	1.4	Prepayments and accrued income	**11.9**	15.5
759.7	288.1		**40.1**	43.8

4 Investments held by trading subsidiaries

Listed	**4.3**	5.1
Unlisted	**3.2**	5.6
	7.5	10.7

The market value of listed investments was £4.7m (1995 – £5.4m)

5 Creditors due within one year

Parent 1996 £m	Parent 1995 £m		Group 1996 £m	Group 1995 £m
	43.3	Debentures and loans (note 8)	**8.1**	35.7
202.3	236.5	Bank loans and commercial paper (note 8)	**203.4**	247.6
4.1	4.6	Trade creditors	**63.6**	42.7
2,131.4	1,544.4	Amounts owed to group companies		
3.6	20.1	Corporation tax	**27.0**	37.6
		Other taxation and social security	**7.9**	3.6
7.4	14.4	Accruals and deferred income	**93.3**	78.5
3.9	4.0	Preference dividend	**3.9**	4.0
24.8	20.1	Proposed final dividend	**24.8**	20.1
2,377.5	1,887.4		**432.0**	469.8

6 Creditors due after one year

Parent 1996 £m	Parent 1995 £m		Group 1996 £m	Group 1995 £m
780.1	562.2	Debentures and loans (note 8)	**792.6**	634.4
1,014.7	312.4	Bank loans (note 8)	**1,187.0**	411.1
458.7	325.6	Loans from group companies		
		Minority interest	**6.9**	
2,253.5	1,200.2		**1,986.5**	1,045.5

7 £150 million 6% Subordinated Irredeemable Convertible Bonds

The Bonds carry a conversion right at any time into Ordinary Shares of the Company at 510p per share. The Company has the right to redeem the Bonds at par after 9th April, 2001 if the average ordinary share price attains 130% of the conversion price for a 30 day period and after 9th April, 2008 without conditions. The Company also has the right at any time to redeem the remaining Bonds where 75% of the Bonds have been converted or purchased and cancelled.

The Company has the option to exchange the Bonds for 6% convertible preference shares with the same conversion terms and after those preference shares have been in issue for 6 months the Company may exchange them back to convertible bonds.

8 Borrowings

Parent 1996 £m	Parent 1995 £m		Group 1996 £m	Group 1995 £m
		Secured on the assets of the Group		
246.4		8⅞% First Mortgage Debenture stock 2035	**246.4**	
197.0	197.0	9⅜% First Mortgage Debenture stock 2028	**197.0**	197.0
12.6	12.6	10½% First Mortgage Debenture stock 2019/24	**12.6**	12.6
20.4	20.4	11⅜% First Mortgage Debenture stock 2019/24	**20.4**	20.4
4.5	4.5	8½% First Debenture stock 2002	**4.5**	4.5
		14¼% First Mortgage Debenture stock 1998	**3.7**	4.0
		10% First Mortgage Debenture stock 1996	**7.9**	8.2
		Commercial Paper Facility 1997	**98.0**	
		Bank loan		23.0
480.9	234.5		**590.5**	269.7
		Unsecured		
		10.77% Equated Yield bonds 2038		60.4
147.5	147.4	8⅞% Bonds 2023	**147.5**	147.4
150.0	150.0	12½% Bonds 2016	**150.0**	150.0
1.7	1.7	10¼% Bonds 2012	**1.7**	1.7
		8½% Loan stock 2000/05	**3.5**	3.5
		8¾% Loan stock 1997	**5.5**	5.5
	43.2	6¾% Swiss franc bonds 1984/96		35.0
	28.7	6½% Swiss franc bonds 1984/99		19.9
4.0	2.0	Commercial Paper	**4.0**	2.0
1,213.0	546.9	Bank loans and overdrafts	**1,288.4**	633.7
1,516.2	919.9		**1,600.6**	1,059.1
1,997.1	1,154.4		**2,191.1**	1,328.8

	Parent 1996 £m	Parent 1995 £m	Group 1996 £m	Group 1995 £m
Repayments fall due as follows:				
Debentures and loans within 1 year		43.3	**8.1**	35.7
1-2 years			**5.8**	8.1
2-5 years	0.1	28.8	**3.4**	29.0
	0.1	72.1	**17.3**	72.8
after 5 years: by instalments	4.3	4.3	**4.3**	4.3
other	775.7	529.1	**779.1**	593.0
	780.1	605.5	**800.7**	670.1
Bank loans and commercial paper within 1 year	202.3	236.5	**203.4**	247.6
1-2 years	10.0	177.8	**109.1**	183.2
2-5 years	715.3	84.6	**788.5**	177.9
	927.6	498.9	**1,101.0**	608.7
after 5 years 4.29% to 6.91%	289.4	50.0	**289.4**	50.0
	1,217.0	548.9	**1,390.4**	658.7
	1,997.1	1,154.4	**2,191.1**	1,328.8
Due within 1 year (note 5)	202.3	279.8	**211.5**	283.3
Due after 1 year (note 6)	1,794.8	874.6	**1,979.6**	1,045.5
	1,997.1	1,154.4	**2,191.1**	1,328.8

Total borrowings where any instalments are due after 31st March, 2001 is £4.5m (1995 £4.5m)

The 8½% First Mortgage Debenture stock 2002 was repaid on 31st May, 1996.

9 Shareholders' Funds

Share Capital	Ordinary Shares of 25p each Authorised	Ordinary Shares of 25p each Issued and fully paid	8.625% (gross) Cumulative Convertible Redeemable Preference Shares of £1 each Authorised	8.625% (gross) Cumulative Convertible Redeemable Preference Shares of £1 each Issued and fully paid	6% Cumulative Redeemable Convertible Preference Shares of £1 each Authorised
1st April, 1995	482,600,000	368,038,902	150,000	115,113	200,000
Increase	80,000,000				
Issued/(redeemed) for: Placing and open offer		61,567,719			
Preference Share Conversion		829,169		(2,786)	
Other		665,509			
31st March, 1996	**562,600,000**	**431,101,299**	**150,000**	**112,327**	**200,000**

The 8.625% (gross) Cumulative Convertible Redeemable Preference Shares are convertible into Ordinary Shares in the Company at 331p (1995 - 336p) per share exercisable on 1st August each year. The Company has the right to require conversion where conversion rights have been exercised in respect of 75% of the Preference Shares. The Preference Shares are redeemable at £1,000 each on 20th October, 2011 if not previously converted into Ordinary shares. The Preference Shares carry no right to vote or to participate in a winding-up of the Company.

At 31st March, 1996 - 3.9 million Ordinary Shares were outstanding under the Share Option Schemes. Details are included in the Directors' Report.

Group Capital and Reserves	Share Capital £m	Share Premium £m	Capital Redemption £m	Unrealised Capital Revaluation £m	Unrealised Capital Other £m	Realised Capital £m	Revenue £m	**Total £m**	1995 Total £m
1st April, 1995	92.1	678.7	0.2	528.1	(30.6)	104.2	206.8	**1,579.5**	1,307.3
Issues	15.8	208.5						**224.3**	232.0
Retained profit (loss)						(2.8)	9.3	**6.5**	(1.7)
Surplus on revaluation				73.8				**73.8**	43.1
Surplus on revaluation due to minority shareholders				(3.2)				**(3.2)**	
Goodwill (note 10)					(14.6)			**(14.6)**	
Exchange movements on net investments					22.2	(19.7)		**2.5**	0.4
Realisation of prior year revaluation				(7.4)		9.3	(1.9)		(1.6)
31st March, 1996	**107.9**	**887.2**	**0.2**	**591.3**	**(23.0)**	**91.0**	**214.2**	**1,868.8**	1,579.5

Attributable to:	**1996 £m**	1995 £m
Ordinary shareholders	**1,756.5**	1,464.4
Preference shareholders (non equity interests)	**112.3**	115.1
	1,868.8	1,579.5

Parent Capital and Reserves	Share Capital £m	Share Premium £m	Capital Redemption £m	Revaluation £m	Other £m	Realised Capital £m	Revenue £m	Total £m	1995 Total £m
1st April, 1995	92.1	678.7	0.2	40.0	(54.9)	279.4	26.6	1,062.1	850.6
Issues	15.8	208.5						224.3	232.0
Retained profit (loss)						116.1	24.7	140.8	(47.9)
Surplus on revaluation									35.6
Exchange movements					54.8	(65.2)		(10.4)	(8.2)
31st March, 1996	107.9	887.2	0.2	40.0	(0.1)	330.3	51.3	1,416.8	1,062.1

10 Acquisition of Remaining Half Interest in Broadgate Properties Plc

On 15th January, 1996 the Group acquired the half interest it did not already own in Broadgate Properties Plc, owner of six buildings within the Broadgate complex, London EC2 and three buildings within the Ludgate complex, London EC4.

The consideration for this share purchase and settlement of related shareholder loans including costs was £124.9 million.

Also on 15th January, 1996 the Group repaid £701.5 million of the Broadgate Properties Group's (hereafter "Broadgate Group") secured bank debt by drawing down corporate lines on significantly improved terms.

A summary of historic profit and loss account information of the Broadgate Group, prepared in accordance with Financial Reporting Standard 6 under Broadgate Group accounting policies, is shown below:

	Notes	Period 1st July 1995 to 14th January 1996 £m	Year to 30th June 1995 £m
Net rental income		30.9	55.6
Other income		1.4	1.8
Administration and other expenditure		(2.0)	(3.4)
Operating profit		30.3	54.0
Interest payable (net) and similar charges	a	(41.8)	(57.8)
Profit (loss) on disposal of investment properties		0.6	(3.0)
Development properties' provision	b	3.4	(7.6)
Total retained loss for the period		(7.5)	(14.4)

Notes

a *Interest payable includes interest on shareholder loans. As noted above, the Broadgate Group bank debt has been refinanced.*

b *Broadgate Group's accounting treatment of development properties differed from The British Land Group policy.*

The summarised consolidated balance sheet of the Broadgate Group at the date of Acquisition is shown below together with the fair value of both the assets acquired and the consideration.

	Book value at Acquisition £m	Adjustments £m	Fair value at Acquisition £m
Assets			
Investment properties	871.4	172.8	1,044.2
Development properties	168.0	(168.0)	
	1,039.4	4.8	1,044.2
Liabilities			
Sundry net assets	5.7	(13.1)	(7.4)
Commercial paper	(98.0)		(98.0)
Bank debt (refinanced Jan 1996)	(701.5)		(701.5)
Shareholder loans	(133.0)		(133.0)
Net assets	112.6	(8.3)	104.3
Goodwill			14.6
			118.9

Fair value of consideration:

Shares acquired via corporate acquisition and debt purchase, in March 1995, principally for cash	68.9
Associated company share of losses	(7.3)
Shares acquired on 15th January, 1996, including costs, for cash	57.3
	118.9

The revaluation surplus arising on the above properties at 31st March, 1996 more than offset goodwill.

Accounting Policy Adjustment

Properties previously classified as development properties have been reclassified as investment properties in accordance with British Land accounting policies.

Fair Value Adjustments

Fair value adjustments include, inter alia, adjustments to reflect the costs due on repayment of the bank debt.

11 Capital commitments

	Group	
	1996 £m	1995 £m
Contracted	**128.6**	195.2

12 Contingent liabilities

It is estimated that, in the event of the realisation of all properties and fixed asset investments at book value, the liability for tax, after reliefs available at 31st March, 1996 would approximate to £48m and at the total value of properties (note 1) to £73m (1995 – £38m and £65m respectively).

Contingent liabilities of the Parent for intra group mortgages and bank loans guaranteed at 31st March, 1996 amounted to £123.2m (1995 – £198.8m) and for guarantees to third parties to £26.9m (1995 – 10.9m).

13 Disclosure of interests

Mr. John Ritblat is Chairman of and has a 4.7% interest in Conrad Ritblat Group plc which acts as one of the Group's managing agents and as such receives fees for its services. His son, Mr. James Ritblat, formerly a director of The British Land Corporation Limited, continues to provide consultancy services to the Group.

14 Pensions

The British Land Group of Companies Pension Scheme ("the Scheme") is the principal pension scheme in the Group. It is a funded defined benefit scheme and the assets are held in trust and kept separate from those of the Company.

The pension cost relating to the Scheme has been determined in accordance with SSAP 24 by consulting actuaries Bacon & Woodrow using the results of calculations as at 31st March, 1994 based on the attained age method. The most significant actuarial assumptions were that the return on investments would be 9% per annum and that the general level of salaries and pensions in payment would increase at the rates of 8% per annum and 5% per annum respectively.

At 31st March, 1994 the market value of the Scheme's assets was £14,463,690 and on the assumptions used to calculate the pension cost, the actuarial value of the assets at that date represented 95% of the value of members' accrued benefits. Accrued benefits include all benefits for pensioners and other former members as well as benefits based on service completed to date for active members allowing for future salary rises.

The Company's contributions in respect of the Scheme for the year ended 31st March, 1996 were £991,000 (1995 – £868,000) including allowance for the amortisation of the deficit at 31st March, 1994 over a period within the average remaining service life of members. The Scheme pension cost recognised in these Group Accounts is equal to the Company's contributions.

The Group has three other small pension schemes.

The total pension cost charged for the year was £1.2m (1995 – £1.1m).

15 Principal Operating Subsidiaries

EXECUTIVE	The British Land Corporation Limited*
PROPERTY	Adamant Investment Corporation Limited
	Baycast Property Company Limited
	B. L. Holdings Limited*
	B. L. City Estates Limited
Netherlands	British Land Investments N.V.
	Broadgate Properties Plc
	– Broadgate Square Limited
	– Exchange House Holdings Limited
	– Four Broadgate Limited
	– Ludgate Services Limited
	– Rosehaugh Stanhope (Broadgate Phase 6) Plc
	– Six Broadgate Limited
	City Wall (Holdings) Limited
	Cleartest Limited
	Clarendon Property Company Limited
	Derby Investment Holdings Limited*
	Finsbury Avenue Estates PLC
Ireland	Firmount Limited*
	Industrial Real Estate Limited
	Jason Estates Limited
	Kentish Hotels Limited
	Sealhurst Limited
	The Equitable Debenture & Assets Corporation Limited
	Union Property Corporation Limited
	Union Property Holdings (Investments) Limited
	Union Property Holdings (London) Limited*
FINANCE, INVESTMENT AND MANAGEMENT	British Land Property Management Limited
	Real Property & Finance Corporation Limited*

*Directly held by the Parent

All companies are wholly owned and except where otherwise stated are registered and operate in England and Wales.

Accounting Policies

A summary of the principal accounting policies is set out below. The policies have been applied consistently, in all material respects, throughout the current and the previous year.

Accounting Basis

The accounts are prepared in accordance with applicable Accounting Standards and under the historical cost convention as modified by the revaluation of investment properties and fixed asset investments.

Financial Reporting Standard 3 is applicable and realised capital surpluses and deficits are shown in the capital column of the profit and loss account. The surplus or deficit on disposal of fixed assets is comprised of net disposal proceeds less the book value.

Consolidation

The consolidated accounts include the accounts of the parent and all subsidiaries.

Subsidiaries or associates acquired or disposed of during the year are included from the date of acquisition or to the date of disposal. Any excess of the purchase consideration over the fair value of net assets acquired on a corporate acquisition is written off to capital reserves. Accounting practices of subsidiaries and associates which differ from Group accounting policies are adjusted on consolidation.

In accordance with Section 230(3) of the Companies Act 1985 a separate profit and loss account for the Parent is not presented.

Investments

Associates are stated in the consolidated balance sheet at the Group's share of net assets incorporating valuations where appropriate. Relevant share of associates' profits are included in the Group profit and loss account.

Other fixed asset investments are stated at market value when listed and at directors' valuation when unlisted, any surplus or deficit arising is taken to revaluation reserve.

Current asset investments are stated at the lower of cost and net realisable value.

Investments in subsidiaries are stated at cost or directors' valuation.

Properties

(I) INVESTMENT PROPERTIES are independently valued each year on an open market basis. Any surplus or deficit arising is placed to revaluation reserve and on disposal these revaluation adjustments are eliminated.

In accordance with S.S.A.P. 19 no amortisation or depreciation is provided in respect of freehold or long leasehold properties. The directors consider that the lives and residual values of the properties, based on current valuations, are such that any charge to the profit and loss account would be insignificant.

Where properties held for investment are appropriated to trading stock, they are transferred at market value.

(II) TRADING PROPERTIES are stated at the lower of cost and net realisable value. Disposals are recognised on completion; profits and losses arising are dealt with through the profit and loss account.

(III) DEVELOPMENT PROPERTIES are stated at the lower of cost and net realisable value. The cost of properties in course of development includes attributable interest and other outgoings net of rental income provided the directors consider it prudent having regard to the development potential of the property. Interest is calculated by reference to specific borrowings where relevant and otherwise on the average rate applicable to short-term loans.

A property ceases to be treated as a development either nine months after practical completion or when two-thirds of the anticipated gross income becomes receivable, whichever is the earlier.

Capital Instruments

These are stated at their net proceeds on issue. Issue costs are amortised to the profit and loss account over the life of the instrument and are included in interest payable.

Deferred Taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise in the foreseeable future.

Interest Rate Derivatives

Receipts and payments arising from derivatives which hedge interest rate exposures are treated as part of the interest cost.

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at exchange rate at the balance sheet date or the contracted rate where hedged by derivatives. Transactions in foreign currencies are translated at the rate ruling at those dates or the contracted rate where hedged by derivatives. Exchange fluctuations on net investments overseas are taken to unrealised capital reserve. Realised exchange movements are included as a capital item in the profit and loss account.

Pensions

The pension cost charged to the profit and loss account is such as to spread the cost of pensions over the working lives of employees who are scheme members.

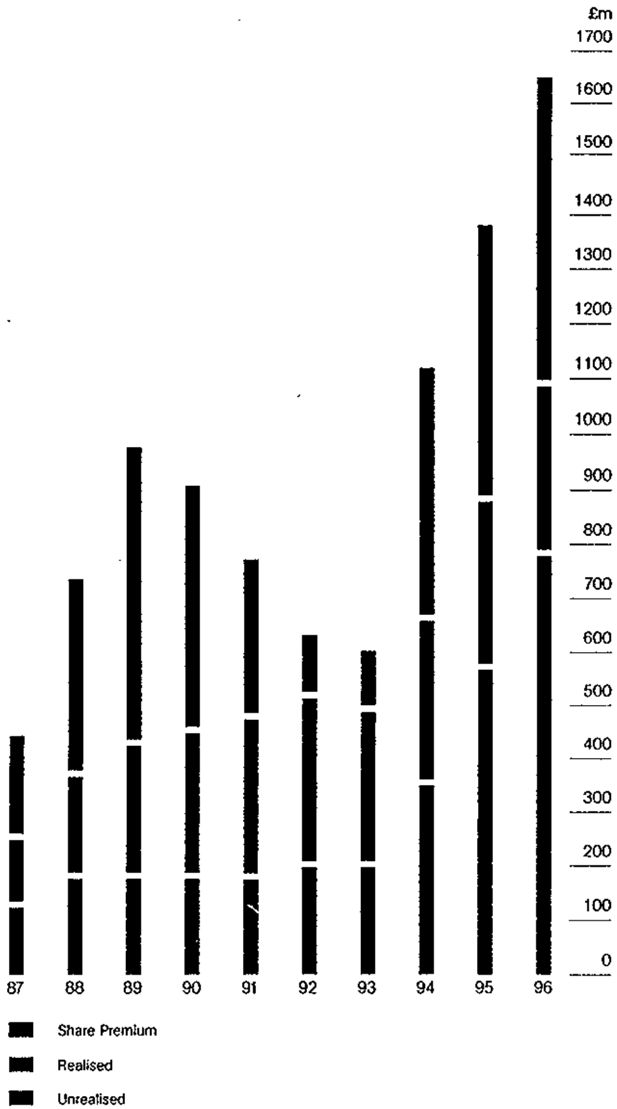
Ten Year Record ended 31st March

	Gross Assets £m a	Net Assets £m a	Net Assets per share pence a,b	Net Rental Income £m	Revenue Pre-Tax Profit £m	Revenue Earnings per Share pence b	Dividend per Share pence	FRS 3 Pre-Tax Profit £m c	FRS 3 Earnings per Share pence b,c
1996	**4,513.0**	**1,948.2**	**426**	**202.8**	**65.7**	**11.9**	**8.55**	**62.1**	**11.2**
1995	3,325.4	1,663.8	417	156.8	58.6	11.7	8.12	49.1	8.4
1994	2,660.3	1,392.4	414	126.1	53.9	11.4	7.53	53.9	11.4
1993	1,934.3	833.5	284	118.5	34.6	11.3	7.00	27.2	8.4
1992	2,017.5	763.8	301	102.7	33.3	10.7	6.35		
1991	1,881.5	914.7	376	79.8	31.0	9.9	5.75		
1990	1,785.2	1,107.9	455	63.9	44.8	13.0	5.25		
1989	1,854.3	1,194.9	491	41.9	69.5	19.5	4.63		
1988	1,311.4	895.5	369	32.9	56.4	16.4	4.00		
1987	1,002.8	551.5	250	28.2	30.1	14.5	3.50		

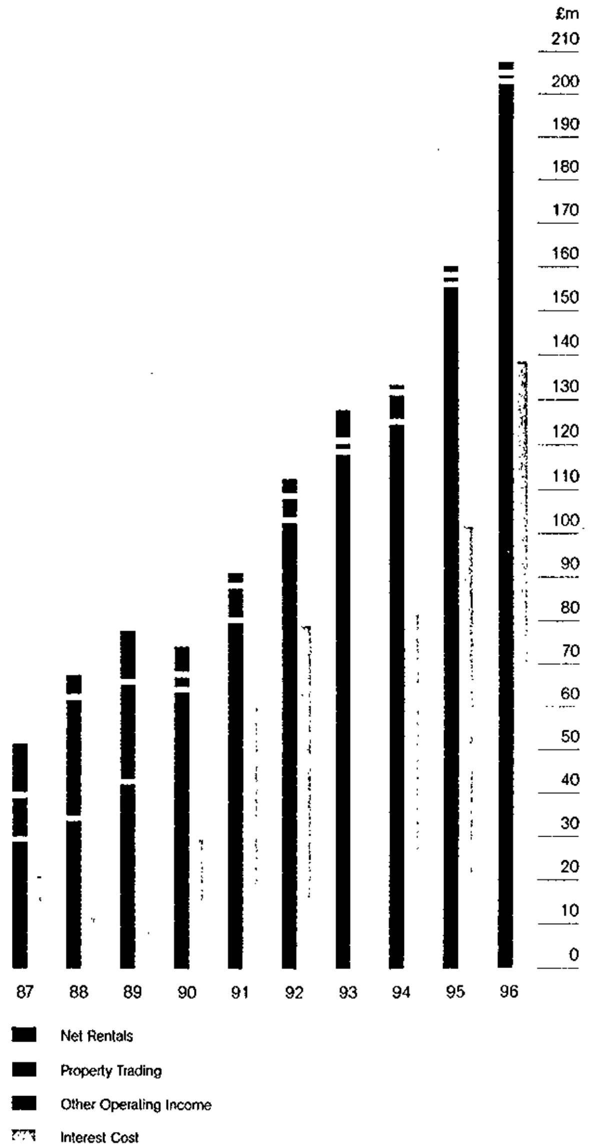
a Including surplus over book value of properties in trading subsidiaries.
b Adjusted for the placing and open offer of 61.6m shares in November 1995, the open offer of 61.3m shares in March 1995 and the rights issue of 55.1m shares in June 1993.
c Incorporating capital items which were formerly included in Capital Account.

Ten Year Graphs

Reserves for ordinary shareholders



Revenue source and interest cover



Notice of Meeting

Notice is hereby given that the Annual General Meeting of The British Land Company PLC will be held at the May Fair Hotel, Stratton Street, London W1, on Friday, 12th July, 1996, at 12 noon for the following purposes:

1 To receive the Report of the Directors and audited Accounts for the year ended 31st March, 1996 and to declare a Final Dividend.

2 To re-elect Mr. David Berry as a director.

3 To re-elect Mr. Stephen Kalman as a director.

4 To re-elect Mr. Michael Cassidy as a director.

5 To reappoint Binder Hamlyn as Auditors.

6 To authorise the directors to fix the remuneration of the Auditors.

7 As special business, to increase by ordinary resolution the Company's authorised capital.

8 As special business, to amend by ordinary resolution the directors' authority to allot unissued share capital or convertible securities of the Company, granted by shareholders on 14th July, 1995 pursuant to Section 80 of the Companies Act 1985.

9 As special business, partially to waive by special resolution the pre-emption rights held by existing shareholders which attach to future issues for cash of equity securities of the Company by virtue of Section 89 of the Companies Act 1985.

10 As special business, to grant to the Company by special resolution authority to exercise its power to purchase, for cancellation, its own shares pursuant to the Articles of Association of the Company.

11 As special business, to sanction by ordinary resolution amendment of the Company's Sharesave Scheme.

12 As special business, to amend by special resolution the Articles of Association of the Company.

By Order of the Board,

Anthony Braine
Secretary

12th June, 1996, 10 Cornwall Terrace, Regent's Park, London NW1 4QP

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and upon a poll vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed and to be valid must be lodged with the registrars not less than forty-eight hours before the meeting.

Notes

1 The full text of each resolution to be considered under items 7 to 12 above, inclusive, and an explanation thereof are contained in the letter to shareholders from the Chairman which accompanies this Notice and is headed "Annual General Meeting 1996."

2 The following documents will be available for inspection at 10 Cornwall Terrace, Regent's Park, London NW1 during usual business hours on any weekday (Saturdays and public holidays excluded) from the date of this notice until 12th July, 1996:

a a statement of transactions of each director and of his family interests in the share and loan capital of the Company, and its subsidiaries, during the period 13th June, 1995 to 12th June, 1996;

b copies of all contracts of service between directors and the Company; and

c a copy of the proposed changes to the Articles of Association of the Company to be made by resolution number 12.

They will also be available for inspection at the May Fair Hotel, W1 for the period of fifteen minutes prior to the Annual General Meeting and during that meeting.

Shareholders and Financial Calendar

Analysis of Shareholders 1996

	Number of Shareholders	%	Number of Shares	%
1 – 1,000	3,387	43.19	1,381,521	0.32
1,001 – 5,000	2,807	35.79	6,340,294	1.47
5,001 – 20,000	747	9.53	7,604,436	1.76
20,001 – 50,000	276	3.52	9,181,348	2.13
Over 50,000	625	7.97	406,688,235	94.32
	7,842	100.00	431,195,834	100.00
Individuals	5,194	66.23	13,211,821	3.06
Banks and nominees	2,104	26.83	378,683,071	87.82
Insurance companies	111	1.42	9,256,289	2.15
Pension funds and pension trustees	17	0.22	4,313,086	1.00
Other corporate holdings	177	2.26	3,228,742	0.75
Investment trusts and funds	204	2.60	19,728,182	4.58
Local/national authorities and other institutions	35	0.44	2,774,643	0.64
	7,842	100.00	431,195,834	100.00

Financial Calendar

Dividends on Ordinary and 8.625 per cent. preference shares

Interim Ordinary	payable February
Final Ordinary	payable August
Preference	1st April, 1st October

Interest payments

The British Land Company PLC:

6% Subordinated Irredeemable Convertible Bonds	26th March, 26th September
8⅝% Bonds 2023	25th March, 25th September
8⅞% First Mortgage Debenture Bonds 2035	24th March, 24th September
9⅜% First Mortgage Debenture Stock 2028	31st March, 30th September
10¼% First Mortgage Debenture Stock 2019/24	31st March, 30th September
11⅜% First Mortgage Debenture Stock 2019/24	31st March, 30th September
10¼% Bonds 2012	26th March
12½% Bonds 2016	25th March, 25th September

Regis Property Holdings PLC:

8¾% Loan Stock 1997	30th June, 31st December

United Kingdom Property Company PLC:

8½% Loan Stock 2000/05	30th June, 31st December

Sponsorship

British Land is strongly committed to making a real contribution to the community as an integral part of corporate life through a wide range of charitable and sponsorship activities. The principal focus is to fund and foster support for the young, education, sport and performance arts.

Our commitment to education is reflected in being a funding partner of the London Business School and in our series of educational broadsheets. British Land also sponsored the National Youth Orchestra, contributing in proportion to money raised by the Orchestra itself.

We provided financial assistance for the performing arts including the London Philharmonic Orchestra, the National Theatre, the Serpentine Gallery, the Royal Opera House and the Birmingham Royal Ballet. British Land has a long association with the Open Air Theatre, Regent's Park and is sponsoring this year's production of Paint Your Wagon. The Company is a corporate patron of Sadler's Wells, contributing to the redevelopment of the theatre.

British Land sponsored the Barnado's Annual Review enabling the charity to target its income to caring for children and young people. The Company continues to support Land Aid, which helps the young homeless in London, the London Federation of Boys' Clubs and the National Society for the Prevention of Cruelty to Children.

We have sponsored the British Land National Ski Championships for eighteen consecutive years. We are the major sponsor of Real Tennis through the Tennis and Rackets Association.

British Land supports the Civic Trust, Business in the Community and is a Per Cent Club member.

THE BRITISH LAND COMPANY PLC

CIVIC TRUST
Corporate Member
Caring for places where people live and work

Back cover image

'Who was your mother?'
'Never had none!' said the child
'Never had any mother?
What do you mean?
Where were you born?'
'Never was born!'
'Do you know who made you?'
'Nobody, as I know of,'
said the child, 'spect I grow'd!'

(after Stowe and Stowell)

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Chairman's photograph by Eliane Zilkha
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Printed by CTD Printers Limited

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