

THE BRITISH LAND COMPANY PLC
Annual Report & Accounts 2000



A10 COMPANIES HOUSE *A36ECTPR* 0895 07/09/00

Despite its inordinate length, there are only seven bones in a giraffe's neck, the same as humans and most other mammals. Each animal's markings are unique.

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Lamas are members of the camel family - even the facial expression is similar. They are equally stubborn-natured.

Picture box

BRITISH LAND is a property investment company. It owns the freehold of most of its properties, as the long-term view is central to its strategy. We believe that the value of land is perpetuated by what is built on it. We maximise growth and potential by property trading and development, augmented through joint ventures and partnerships and enhanced by our financing initiatives.

London Zoo, the theme of this year's sponsorship, is British Land's neighbour in Regent's Park. It is a centre of excellence where visitors of all ages can see living animals and learn, both formally and informally, about the Earth's extraordinary biodiversity. London Zoo is committed to active conservation of the world's animal species and their habitats. For some, a captive breeding programme may be their best chance of survival. Others will benefit from the Zoo's participation in global scientific research and its contribution to an ever-growing body of learning.

In this year 2000 Report and Accounts, London Zoo – and Whipsnade too – are seen at work through informal images that also illustrate a very British enthusiasm for the animal kingdom.

Picture box

CHAIRMAN'S STATEMENT

In the past year we have almost tripled profits to their all time high, up 183% to £156.4 million (1999 – £55.3 million). A major contribution this year was £41 million from trading in properties to which we had added material value by development. Net assets are up 10.2%, also to an all time high, at 694 pence per share (1999 – 630 pence). The total return was 11.9% (1999 – 8.1%).

The valuation uplift was £310 million. Led by our recent purchase of Meadowhall, shopping centres provided a robust performance with an 8.3% rise, and retail warehouses were also strong at 8.4%. For the two other significant elements of the portfolio, offices (up 2.4%) and supermarkets (up 2.3%), the growth is still to come, as the higher rents feed through into City of London office values, and as we begin to approach full open market rents for our supermarkets. We opened the process of obtaining new levels of improved rents in the food superstores with a 21.5% increase to £17.80 per sq ft for a 40,000 sq ft store in suburban Maidstone, the highest rental so far achieved by a third party expert's award on a foodstore with a petrol filling station.

Property is a long-term yet cyclical business for which the control of risk is essential. The 100 largest tenants contribute 83% of our rent roll, and 69% of them are Government or feature in the FT 500 listings for the UK, Europe, USA or Global. This strong tenant base, coupled with the long lease maturity pattern with an average lease length of 19.9 years (1999 – 19.7 years), remains a fundamental of our business. 91% of our portfolio has been acquired in the last ten years. We are active buyers and sellers, and see the best prospects in new buildings. Conversely the greatest hazards are in older properties which cannot earn the best rents and which need a lot of expenditure to lift their standards to modern tenants' requirements, if it can be done at all.

By hedging interest rate and foreign exchange exposures, and by continuously extending debt maturities, we protect the liability side from sudden volatilities in the financial markets. The weighted average debt maturity is

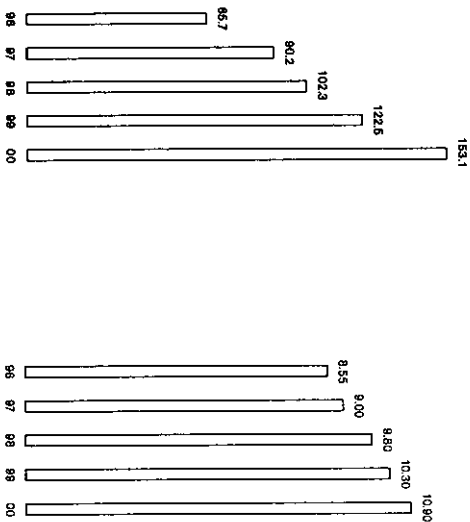
When Stamford Raffles (of Singapore fame) founded the Zoological Society of London in 1826, admission to the 'collection of living animals' was strictly for members only. Today the general public can, within limits, come as close as it likes.

Financial highlights

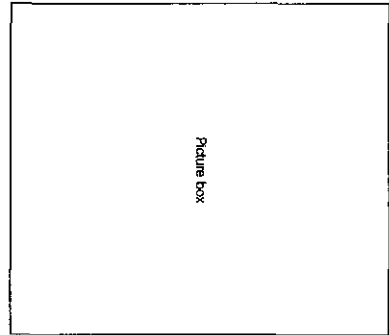
	2000 £m	1999 £m	2000 pence	1999 pence
Net rental income	347.5	296.5	10.9	10.3
Pre-tax profits	156.4	55.3	24.4	20.6
Gross assets*	7,872.1	6,431.5	Net Asset Value: per share*	694 630
Net assets*	3,593.5	3,261.7	fully diluted*	691 625
<small>*Including external valuation surplus on development and trading properties</small>				

Revenue pre-tax profit £m

Ordinary dividend pence per share



Picture box



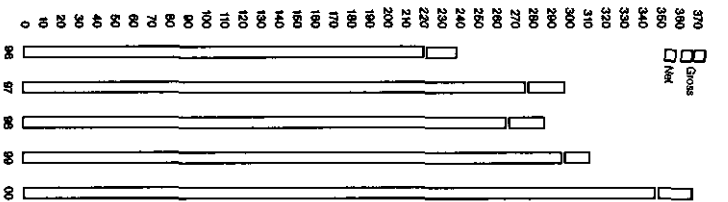
18.4 years and we have cut the weighted average interest rate still further by 0.25% down to only 7.05% - a reduction worth £10 million a year on the £4 billion debt book we manage.

Some risks are outside our control; most notably property companies and property-owning institutions, indeed all property owners, have been severely affected by Government action, particularly in the stealthy and retrospective levies of Stamp Duty. In calculating property values in accordance with the Red Book of The Royal Institution of Chartered Surveyors, purchasers' costs must be deducted, and the Stamp Duty element alone of those costs has risen in three years from 1% to 4% - in British Land's case from £80 million to £320 million, 15.4 pence to 61.8 pence per share. This retrospective tax reduces the value of acquisitions undertaken years earlier, undermining the basis of investment decisions. The uncertainty causes illiquidity in the property market and places property assets under an unfair disadvantage in comparison with other asset classes which are not similarly 'stamped' upon.

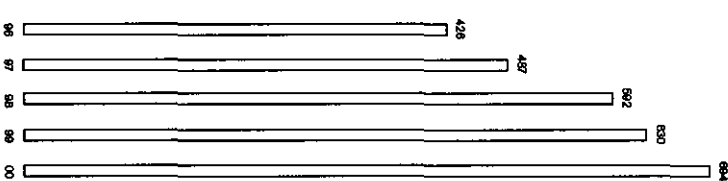
Total properties, including British Land's share of its joint ventures are now up to £8.2 billion (1999 - £8.6 billion) with annualised net rents of £462.5 million (1999 - £398.8 million). Total funds under our property management, including partners' shares of joint ventures, are £9.5 billion (1999 - £7.7 billion).

Education is a primary task both at London Zoo and Whipsnade Wild Animal Park. Close encounters with real animals go a long way towards correcting the misapprehensions endemic to a culture of cartoons and cuddly toys.

Rentals
£/m



Net Asset Value
pence per share



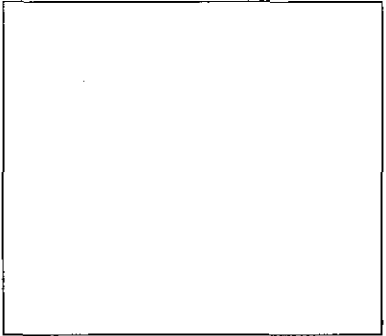
The Board is recommending a final dividend of 7.5 pence per share (1999 - 7.07 pence) making a total payment for the year of 10.9 pence (1999 - 10.3 pence) an increase of 5.8% above last year's payment.

The Portfolio

Our external valuers have calculated the current net yield of the portfolio, excluding developments, at 5.9% and the reversionary net yield at 7.1%, with a reversionary potential of over £90 million of additional rent mainly within the next four years. Of this amount, £12.4 million arises from guaranteed uplifts. Any rise in rents above our valuers' estimates of today's levels will of course produce further extra income.

Whipsnade's 'Birds of the World' display allows visitors to see some breathtaking flying skills. Raptors such as eagles, hawks, buzzards and owls always enthral their audience.

Picture box



The Lubatkin-designed penguin enclosure is a classic of 1930's architecture; there are nine listed structures at London Zoo. Many of the inhabitants are equally spectacular, such as this Rockhopper penguin from Antarctica.

Picture box

The portfolio is 43% in offices, the principal being the 350,000 sq m Broadgate Estate, the 48,000 sq m Ludgate Estate in the City of London, and the 113,000 sq m Regent's Place in the West End.

The exceptional investment in the City's office core at Broadgate can be expected to share fully the future growth prospects, as its location, buildings and facilities are generally recognised as being among the best in Europe.

We are currently adding by way of extension to Broadgate the development of 201 Bishopsgate (63,000 sq m). We have bought Hamilton House (8,200 sq m) in the heart of Broadgate and Broadgate House and Eldon House (together 6,700 sq m) at the south west corner. These properties provide scope for redevelopment and refurbishment, in the meantime earning a holding return of some 7%.

At Regent's Place we have two major projects under way, the new Abbey National Head Office of 18,200 sq m and also a new office building of 12,100 sq m which will be available for leasing next year. The full £1 + billion ongoing development programme is described in detail in the Operating and Financial Review, and is projected to add over £86 million to Group net income when complete.

The past year gave us the opportunity to add significantly to our retail assets, which now account for 46% of the portfolio. We bought the Meadowhall

Photographic images give remarkable close-ups of birds and animals but the sheer physical presence of something the size of an elephant can only be experienced at first hand.

Picture box

Picture box

Shopping Centre near Sheffield, comprising 124,500 sq m and one of only six major centres in the United Kingdom. It enjoys the twin benefits of unparalleled excellence in communication with a proven retail mix. Tenant quality is high and 71% of the leases have 25 years unexpired, adding to our covenant strength.

We are well pleased with its performance in the period of our ownership, the uplift being 9.3% to £1.28 billion.

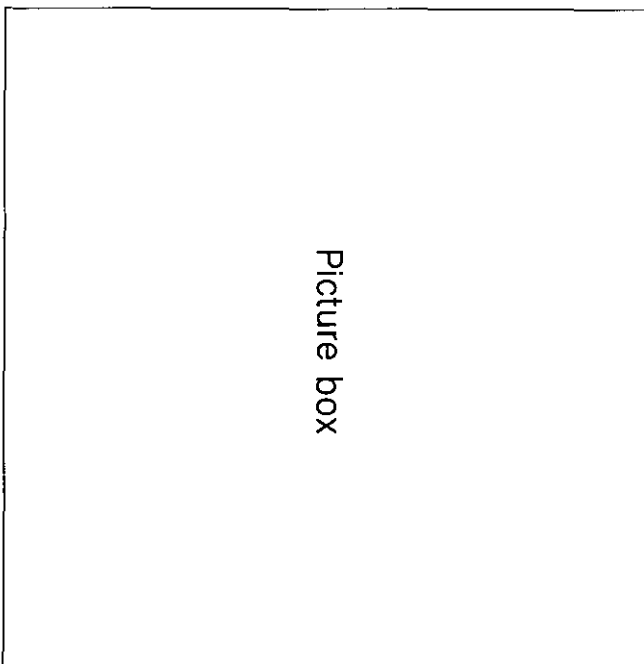
We own other principal shopping centres too: at Basildon in Essex (67,000 sq m), East Kilbride in Scotland (21,500 sq m) and St Stephen's Green in Dublin, Ireland (28,000 sq m).

A particular management achievement was the major restructuring of the occupational leases at 100 New Bridge Street, London EC4, as a result of which the property has a single tenant for its 14,200 sq m (153,000 sq ft) office space until June 2017. As part of the rearrangement and improvements to the building, the tenant was happy to give up options to break the lease during the term. The rent is £6.5 million per annum.

Joint Ventures

To widen the reach of our portfolio we enter into joint venture and partnership arrangements, of which we now have twelve, with a total value of £2.5 billion. During the year we added a £172.7 million joint venture with House of Fraser PLC.

Picture box



The venture, BL Fraser Limited, owns fifteen House of Fraser stores providing 176,510 sq m of retail space.

Property details of all the joint ventures are fully set out in the Operating and Financial Review, together with summarised accounting statements in Note 10. Illustrating the intensive management in joint ventures, BL Universal, the £1 billion joint venture with The Great Universal Stores P.L.C., sold 92 properties during the year, with a value of £81.3 million. The number of sales since the joint venture began in February 1997 now totals 672 properties raising £375.0 million. The structure of the portfolio has significantly changed with £331 million of sale proceeds being reinvested to acquire new larger properties including retail parks in Cambridge, Wakefield, Leeds, Castle Vale Birmingham, and most recently New Cross, London SE14.

e-commerce

There are new services which British Land can offer, but the profitability of doing so is highly unpredictable. Ways of reducing operating costs initially appear to

Hats off to a wide audience! The zoo ministers to all tastes. The corporate hospitality packages – from conferences to banquets – are attracting clients from all walks of life.

promise better rewards for a company of our size. In either case the joint venturing route, which we have employed so extensively in property investment, provides a method of limiting exposure while sharing in the potential benefits.

Shareholders will wish to know that our web site is operational at www.britisland.co.uk.

Finance

An active year for financing opened with the £1.54 billion securitisation supported by cash flows from the Broadgate Estate. The secured element of the Notes is limited to £100 million and there is no recourse to British Land itself, the Notes being obligations of fully ring-fenced subsidiaries. The issue allows British Land to manage its Broadgate business and assets in an effective and financially efficient manner for the foreseeable future, and there is a range of maturities extending out to 2038 with significant early repayment flexibility.

During the year we arranged and completed a £125 million non-recourse loan to finance a £172.7 million new joint venture with House of Fraser PLC, and a £210 million non-recourse loan to finance Tesco BL Holdings Limited. In all, the various ventures between Tesco and British Land amount to £635 million of property.

More recently British Land itself has concluded a new £300 million unsecured bank facility with Barclays Bank PLC. This loan was put in place immediately after we had taken an early opportunity to acquire five companies that provided lease finance in respect of the Meadowhall Shopping Centre.

The aggregate consideration, including the repayment of intra group debt, was £263.3 million.

In addition we took a surrender of other finance leases for a consideration of £23.1 million, effectively extinguishing the third party lease financing that was in place at the time British Land acquired Meadowhall in July 1999. As a £75 million secured loan was repaid in December 1999, Meadowhall is now owned freehold on a wholly unsecured basis.

Prospects

By building and investing for the future, British Land has taken out a lot of the risk in property, its high quality portfolio of modern property, well tenanted on long leases, its joint ventures, its property trading and big development programme (also using joint ventures) show the way forward, using a range of debt instruments to multiply the lower capital returns of a low inflation era. There is reversionary income of £90 million to come, most of it in the next four years, and another £86 million of income from developments to add to existing annualised income

Domestic creatures are well represented -
in an age when most children think milk
and eggs come from supermarkets,
it helps compensate for the remoteness
of animals from their daily lives.

Picture box

Picture box

of £462.5 million, making almost £640 million per annum in all. These are big numbers. We will add income too by working the individual assets. There is still scope for entrepreneurial initiatives in your Company which has grown large in assets but remains small in management team numbers.

The predicted shortage of office space in the City of London has now created a near-unanimity of view that rental levels are likely to rise there. The significant costs of doing business in the City are no longer rents but staff salaries and bonuses, and information technology. Our concern must be to ensure that we offer to our tenants the size and type and quality of buildings which suit their present needs yet are able to adapt easily to their future changes.

The Broadgate Estate is widely recognised to have been designed and built with occupiers' flexibility in mind, and it is not surprising that occupancy levels remain at 100% virtually all the time. Any space that does become available is soon snapped up, at rents now rising through the low £50s per sq ft, and there are indications from our valuers that rental values have risen in the short space since our 31 March 2000 valuation date. Moreover, current valuation methodology does not recognise the premium that is the value of owning the whole, which is more than the sum of the parts.

We stand or fall by the free market, and the impost of Stamp Duty, to which I have earlier alluded, is already a distortion when property is compared to other asset classes. It is to be hoped that there will not be any ill-judged Government intervention in the freedom of landlords and tenants alike to make their own decisions on lease conditions in a totally free market. The market works best when left alone and reacting to strident minorities only creates artificial imbalances.

Chairman's Tributes

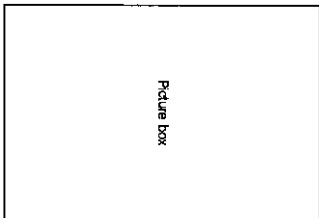
Peter Simon, who has served as our senior non-executive director and as chairman of the Audit and Remuneration Committees for a considerable period, has decided that the time has come for him to retire. I express our grateful thanks to him for all that he has done. We shall miss him, and hope that he enjoys his leisure away from the cut and thrust of the property arena.

We were pleased that Robert Swannell, Vice Chairman of Schroder Salomon Smith Barney, joined the Board as a non-executive director last August. Also we are very happy to announce and look forward to welcoming Derek Higgs, an Executive

Director of Prudential plc and Chairman designate of Partnerships UK, and Lord Burns, Permanent Secretary of H.M. Treasury 1991-8 and a Director of Pearson plc and Legal & General Group PLC, who will become non-executive directors in July.

My thanks go to my colleagues and in particular the new generation of young people on all our boards and staff, with a special mention to our highly focused management teams at Broadgate and Meadowhall, as well as to our many agents and professional advisers.

John Ritchie Chairman
30 May 2000



A little anthropomorphism never harmed anyone, and merchandising represents an important revenue stream for any charity ...

OPERATING AND FINANCIAL REVIEW

Development programme

At 31 March 2000, the cost of the current development programme within the Group and joint ventures was estimated at £1.2 billion, of which £202 million has been spent. Development expenditure during last year was £93 million. The programme will add progressively to the Group's annual net rental income over the next several years as individual developments are completed and let, resulting in an estimated overall addition of £120 million per annum on completion, of which the Group's entitlement is estimated at £86 million.

In addition to the current development programme, there are a number of major potential development projects being worked up which could add significantly to the programme for the medium term.

The recent progress achieved in carrying out the current programme includes the following:

Regent's Place, London NW1

The 18,200 sq m (196,000 sq ft) building which was pre-let last year to Abbey National is under construction, as is a 12,100 sq m (130,000 sq ft) building which is being developed for letting. The refurbishment of the Podium level of the 33 storey Tower at Regent's Place and the creation of attractive retail space has been completed.

201 Bishopsgate, Broadgate, London EC2 (joint arrangement with Railtrack)

The 4,000 tonne steel rat over the operational railway has been successfully completed, providing the ability to deliver a 63,000 sq m (680,000 sq ft) building on a shortened programme. Detailed design is being finalised.

Plantation Place, London EC3

Demolition works have been completed and perimeter piling and archaeology are in progress. The marketing suite is complete and, as with 201 Bishopsgate, detailed design development of the 61,000 sq m (656,000 sq ft) building is being finalised.

Bythe Valley Park, Solihull (joint venture with Protalis Kingspan)

Infrastructure improvements, including a direct link to the M42 motorway, have been completed on the 89 hectare Business Park of 111,500 sq m (1.2 million sq ft) of office and other accommodation. The Oracle Corporation has completed the construction and is in occupation of the first phase of its planned 23,200 sq m (250,000 sq ft) office complex. Further buildings totalling 31,500 sq m (340,000 sq ft) are currently under construction, of which 26,000 sq m (280,000 sq ft) is pre-let, including lettings to One Aup and Centrica.

Cherrywood, Dublin (joint venture with Dunloe Ewart Plc)

This masterplanned mixed use development on a site of 170 hectares is situated 9 miles south of Dublin, at Loughlinstown, between the main Dublin-Rossiere road and the new South East motorway. The development incorporates science and technology parks totalling 102,000 sq m (1.1 million sq ft) of accommodation with scope for significant further expansion, a golf course and a district centre of mixed uses including retail, offices, hotels and leisure. The first stage of the science and technology park, which is being developed in association with Dun Laoghaire Rathdown County Council, is under way with the first two buildings of 5,850 sq m (62,900 sq ft) and 5,100 sq m (54,700 sq ft) having been completed and let to Lucent Technologies and Bell Corporation respectively. Detailed planning permission has been granted for the next five buildings totalling 23,200 sq m (250,000 sq ft), and preparatory work for the construction of three of these is under way.

Wadding House, London EC4

This 9,000 sq m (97,000 sq ft) office development has now been fully let.

Other development projects

Other projects include a 23,200 sq m (250,000 sq ft) extension to East Kilbride Shopping Centre in Scotland and a 40,000 sq m (430,000 sq ft) development of distribution space at Feltham near Heathrow Airport.

Properties

The investment property portfolio

Total properties, including British Lands' share of joint ventures, have risen to £8.2 billion. 91% of the property portfolio has been bought within the last ten years. Annualised net rents are £482.5 million and the weighted average lease length is 19.9 years (1999 - 19.7 years). The current net yield on the portfolio is 5.9% (1999 - 6.3%) and reversionary net yield is 71% (1999 - 73%) on current rental values.

Valuation

The valuation of all properties in the British Land portfolio and situated in the United Kingdom (but excluding Tesco British Land Property Partnership and Tesco BL Holdings Group of companies) was undertaken by Chartered Surveyors Weatherall Green and Smith. Their full certificate appears on pages 31 to 33 (excluding supporting schedules). They have also produced separate certificates in respect of each of the joint ventures valued by them.

The Company will be undertaking a revaluation as at 30 September 2000.

After adjustment for purchases, sales and expenditure the like for like growth for the portfolio, together with its proportion of joint ventures, was 3.9% (1999 +3.8%).

Asset management activities

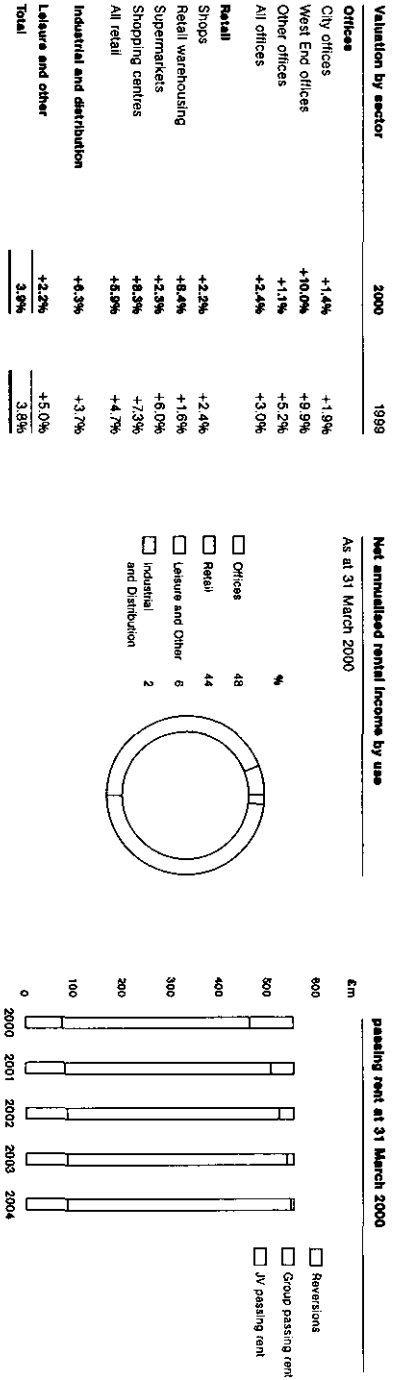
A number of lease surrenders with profitable re-lettings were undertaken. The most noteworthy were the restructuring at 100 New Bridge Street, London EC4; the acquisition of the unit formerly occupied by Focus Do-It-All Limited at Botley Road, Oxford and the re-letting to Dixons Group Retail Properties Limited; and the creation of an atrium and further unit shops at The Plaza, East Kilbride. The acquisition of the geared C & A lease at Eastgate Shopping Centre, Basingstoke provides the opportunity to re-let profitably.

Similar opportunities have been created in some of the joint venture properties including the restructuring of leases at 133-137 Houndsditch, London EC3 and taking surrenders of units at Westgate Retail and Leisure Park, Wakefield and at St. Nicholas Centre, Aberdeen, enabling lettings to take place achieving new rental levels.

The British Land Group's own portfolio (excluding joint ventures) sales and purchases

British Land's property sales in the year amounted to £234 million. The principal sales were: the Corn Exchange, Mark Lane, London EC3; 55 Old Broad Street, London EC2; First Avenue House, High Holborn, London WC1; Swan Centre, Hatfield, Hertfordshire; Dublin and Fairmile Place, Cobham, Surrey. The principal acquisitions, amounting to £1,301 million, were Meadowhall Shopping Centre near Sheffield; 24.5% of the Swiss Centre, Leicester Square, London W1 (now 100% owned); Hamilton House, Broadgate, London EC2.

Property Portfolio (including share of joint ventures)



Valuation by use and location

As at 31 March 2000

	Offices				Retail			Industrial & distribution		Leisure and other		Development*		Total	Total	Percentage represented by joint ventures	Total 1999
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%				
London: City	2,911.4	13.3	2,070.0	23.0	10.1	254.3	3,178.8	38.7%	0.6%	47.4%							
West End	441.1	16.2	207.0	23.0	7.6	73.5	538.5	6.8%	0.3%	7.9%							
Greater London	8.0	29.5	207.0	23.0	99.9	15.8	370.0	4.8%	1.3%	5.7%							
Sub-total	3,360.5	58.6	2,483.5	72.0	117.6	343.7	4,081.3	48.7%	2.2%	60.1%							
South East	90.8	89.6	248.5	149.9	97.4	8.2	718.4	8.7%	3.2%	10.2%							
Wales and South West	3.6	65.0	298.4	0.6	23.5	8.2	408.8	6.0%	2.2%	6.0%							
Midlands and East Anglia	46.3	73.2	353.4	99.2	33.9	30.6	636.8	7.8%	2.7%	9.1%							
North of England	25.3	128.6	362.7	1,280.0	24.9	9.6	1,981.2	23.0%	2.3%	8.1%							
Scotland and Northern Ireland	33.9	79.1	58.7	133.8	1.2	0.4	322.0	3.9%	1.9%	4.7%							
Republic of Ireland	8.5	105.5	105.5	105.5	16.9	41.9	188.9	1.9%	0.6%	1.9%							
Total £m	3,550.4	471.5	1,824.7	1,789.0	381.4	434.4	8,210.0	100.0%	18.1%	100.0%							
Total %	43.4%	5.7%	18.6%	21.8%	4.2%	5.3%	100.0%										
Percentage represented by joint ventures	0.9%	4.6%	3.8%	2.0%	0.2%	1.0%	18.1%										
Total 1999 %	54.3%	6.4%	21.7%	6.6%	1.4%	4.8%	100.0%										

* In 1999, development properties were classified according to their end use.

Annualised net rents: £462.5 million (1999 - £398.8 million) Reversionary net yield on current rental values: 7.1% (1999 - 7.3%) Current net yield on the portfolio: 5.9% (1999 - 6.3%)

Picture box

Ring-tailed lemurs have a special place in our affections – probably because they are primates, just like us. Along with meerkats and penguins, they have become a television staple and thus an essential feature of any zoo or wildlife park.

Picture box

Joint ventures

Through joint ventures The British Land Group is able to acquire interests in major blocks of assets which would not otherwise have been accessible, earn fees for the asset management (and in some cases the administration) and arrange separate financing. Outline details of the joint ventures are set out below. Further information is shown in Note 10 on pages 60 to 62 (inclusive) of the financial statements.

Principal joint ventures are:

The Public House Company Limited

This 50:50 joint venture with Scottish & Newcastle plc was established in April 1995 to acquire a portfolio of 306 public houses let to Chel & Brewer (an operating subsidiary of Scottish & Newcastle plc).

The joint venture arranged an unsecured ten year £164 million amortising bank loan to fund a substantial proportion of the initial purchase, the balance being funded through shareholders' equity. Recourse on this loan to each shareholder is limited to £16 million. During the year, the joint venture acquired a further 14 public houses for £13 million, mainly funded by a further drawing of the bank loan, and disposed of 1. Since the year end, the joint venture has disposed of a further 27 public houses. The joint venture now owns 302 public houses, totalling approximately 57,000 sq m of trading area, which are predominantly freehold and located in the South of England.

BL Universal PLC

This 50:50 joint venture with The Great Universal Stores PLC, was established in February 1997 when it acquired 982 properties from the GUS group. Since then 672 properties have been sold, and the funds from sales have primarily been reinvested in new larger properties, including: Westgate Retail Park, Wakefield; The Beehive Centre, Cambridge; a retail park in Castle Vale, Birmingham which is anchored by Sainsbury's; retail parks in Leeds, Bath, Cardiff and West Bromwich and a 50% interest in the Microsoft Campus at Thames Valley Park, Reading. Since the year end, the joint venture has completed the acquisition of a Sainsbury's superstore in New Cross.

The BL Universal current portfolio of some 300 properties is mainly retail, consisting of shopping centres, superstores, prime high street shops and retail warehouse parks, located across the United Kingdom and Republic of Ireland. The balance is offices located in Thames Valley Park, and Houndsditch, City of London.

At 31 March 2000, the joint venture was financed by £300 million debentures, a £180 million unsecured revolving bank loan and a £60 million secured bank loan, together with shareholder loans and equity. The average life of the debentures, which are without recourse to shareholders, is 17 years.

BL Rank Properties Limited

This 50:50 joint venture with The Rank Group Plc was completed in March 1998.

The joint venture now owns 21 leisure properties, all of which were contributed by Rank. The portfolio comprises 4 leisure parks totalling approximately 41,000 sq m located at Bromborough, Leicester, Southampton and Glasgow; 3 multi-leisure centres at Stoke on

Trent, Telford and Huddersfield; 2 multiplex cinemas at Southend and Lincoln and 12 bingo clubs totalling approximately 40,000 sq m, all located in major towns and cities. During the year the retail and leisure park at Chandlers Wharf, Stockton-on-Tees was profitably sold.

The properties were funded by an unsecured seven year bank loan of £113 million, shareholders' loans and equity. The recourse to each shareholder on this bank loan is limited to £5 million.

BL Fraser Limited

BL Fraser Limited, a joint venture with House of Fraser PLC, established in July 1999, has acquired and leased back 15 of House of Fraser's freehold and long leasehold department stores.

The stores totalling around 177,000 sq m, were purchased for £172.7 million and are in high street locations, mostly in major provincial towns and cities. House of Fraser is carrying out a significant redevelopment of the Guildford store, which is due to be completed later this year.

The joint venture arranged a £125 million, secured ten year bank loan without recourse to the shareholders to fund a substantial proportion of the purchase. The balance was funded through shareholders' loans.

Tesco plc

(i) BLT Properties Limited

This 50:50 joint venture with Tesco plc, which was established in November 1998, owns: Harlech Retail Park, Newport; Marsh Mills Retail Park, Plymouth; Tesco Distribution Centre and Christian Salvessen Distribution Centre, Southampton; Tesco Metro, Southend-on-Sea and 8 Tesco Superstores which total approximately 47,800 sq m. During the year, an extension at Barnstable was completed.

The purchase was funded by a seven year £140 million secured bank loan, shareholders' loans and equity. Recourse on the bank loan to each shareholder is limited to £12 million.

(ii) The Tesco British Land Property Partnership

The 50:50 partnership with Tesco plc was established in February 1998 and acquired 12 retail properties from the partners. In November 1999, the Partnership sold 9 properties to a newly formed joint venture company, Tesco BL Holdings Limited. The Partnership has retained 3 shopping centres at Leicester, Northampton and Lisburn, all of which are anchored by Tesco.

The principal place of business of the Partnership is Circus Buildings, P.O. Box 400, Siltie Park, Welwyn Garden City.

(iii) Tesco BL Holdings Limited

This 50:50 new joint venture company was established in November 1999 to acquire 9 properties from The Tesco British Land Property Partnership, comprising 5 Tesco

Picture box

Although the emphasis at Whipsnade is on the living animal, 'Open days' offer the opportunity to visitors to reach a deeper understanding of zoology.

Joint ventures (continued)

superstores; 2 retail parks at Milton Keynes and Bury; a district shopping centre at Lisnagavin, Londonderry; together with Serpentine Green, a major out of town shopping centre at Peterborough. All the centres and retail parks are anchored by Tesco. Extensions have been completed to the Tesco superstores at Bursledon and Farndown, and at Lisnagavin.

The purchase of the properties was funded by an unsecured five year loan of £210 million without recourse to the shareholders, together with loans and equity from the shareholders.

Peacocks Centre Partnership

This 50:50 partnership with SPP Group was established in June 1998 to acquire The Peacocks Centre, Woking. The Peacocks Centre provides 32,500 sq m of retail space in a modern shopping centre with an arts and entertainment complex. The principal place of business of the Partnership is The Peacocks Centre, Woking, Surrey.

Cherrywood Properties Limited (Republic of Ireland)

On 22 April 1999 this 50:50 joint venture with Dunloe Ewart Plc, the quoted Irish property company, was formed to develop the 170 hectare site known as Cherrywood at Loughlinstown, Co. Dublin.

The initial cost of the investment was IR£33.5m, with any development expenditure incurred to date funded equally by each joint venture party. It is expected that further development expenditure will be funded by a mixture of bank loans and shareholders' loans.

201 Blabopgate, Broadgate (Broadgate Phase 12 Limited)

This 50:50 joint arrangement with Railtrack plc was established in September 1998 to develop a further phase at Broadgate.

The cost of the raft over the railway lines of approximately £30 million has been funded equally by each joint venture party.

BVP Developments Limited

On 14 June 1999, the existing arrangements with Prologis Kingspark for the development of Blythe Valley Park, Solihull, were restructured and a 50:50 joint venture established in this formerly wholly owned subsidiary of British Land.

Great Eastern Hotel

This 50:50 joint venture with The Great Eastern Hotel Company Limited, which is owned by Corran Holdings Limited and Wyncham International, was established on 18 February 2000.

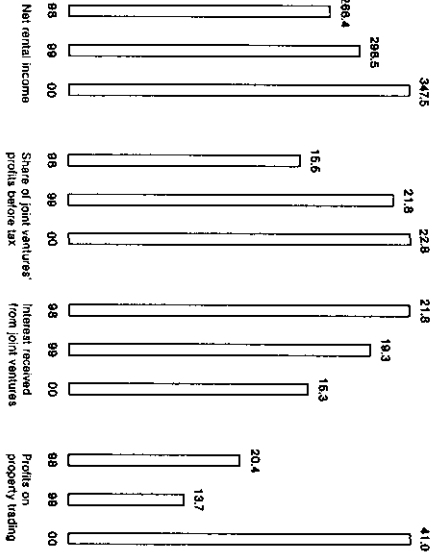
The joint venture company, Acrebasic Limited, acquired a 125 years head lease interest in The Great Eastern Hotel for £14.5 million financed equally by The British Land Company PLC and The Great Eastern Hotel Company Limited, which is also the occupational tenant under a 125 years lease.

The Great Eastern Hotel is situated at Broadgate and has recently been redeveloped into a high quality, modern, 267 bedroom hotel complex including four restaurants and extensive conference facilities.

Financial review

Source of income £m

As at 31 March



Pre-tax profits under Financial Reporting Standard 3, including capital movements, are up 182.8% to £156.4 million (1999 – £55.3 million). The results for 1999 included an exceptional item of £68 million relating to the termination of surplus derivatives as a result of the £1,540 million Broadgate (Funding) PLC issue.

Revenue pre-tax profits increased significantly from £122.5 million last year to £153.1 million.

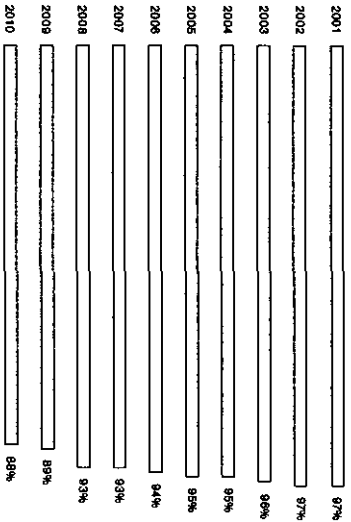
Gross rental income continued to advance strongly by 18.1% to £368.3 million. Revenues derive principally from net rents, which have risen 17.2% to £347.5 million (1999 – £296.5 million). The annualised net rental income including our share of joint ventures is £462.5 million (1999 – £398.8 million).

Joint ventures contributed profits of £22.8 million (1999 – £21.8 million) and interest earnings of £15.3 million (1999 – £13.3 million). The decline in interest income arises from the reduction in shareholder loans in the joint ventures, for which we have now arranged additional external borrowings without recourse to British Land or its partners. Another source of earnings is property trading where sales contributed £41.0 million (1999 – £13.7 million) achieved from active management of the portfolio.

Looking forward, the portfolio is highly reversionary with a projected £90 million per annum of income to flow from rent reviews mostly arising over the next four years. Of this amount, £12.4 million arises from guaranteed uplifts. In addition, current developments within British Land and joint ventures will generate an estimated £86 million of net rental income for the Group when complete.

Security of rental income

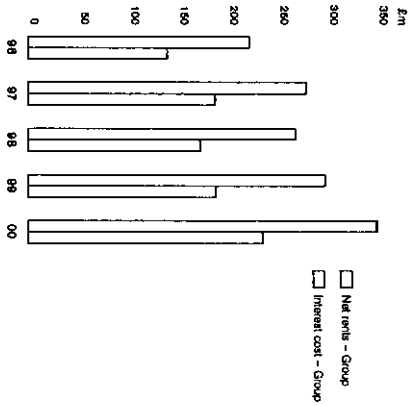
As at 31 March



Security of rental income: 97% continue beyond March 2001, and 89% beyond March 2010. Weighted average lease length: 19.9 years (1999 – 19.7 years)

Interest

As at 31 March



The increase in net interest payable to £282.9 million (1999 – £232.9 million) was equivalent to the rise in profits, maintaining the interest cover in excess of 1.5 times.

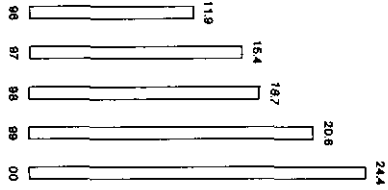
Financial review (continued)

Taxation

The tax charge of £27.6 million, including capital movements, giving an effective tax charge of 17.6% (1999 – 4.7%), continues to benefit from the availability of capital allowances. The tax charge in 1999 was low because of the exceptional write-off in respect of surplus derivatives, following the Broadgate securitisation.

Revenue earnings per share

As at 31 March



The growth in revenue after-tax profits to £126.4 million increased earnings per share from 20.6 pence to 24.4 pence. Detailed calculations for earnings per share are given in Note 7 to the financial statements on page 59.

Balance sheet

	2000 £m	1999 £m
Fixed assets	7,499.0	5,986.5
Current assets	229.2	301.1
Current liabilities	(666.0)	(435.7)
Liabilities due after more than one year	(5,712.6)	(2,734.1)
Net asset value	5,449.6	3,117.8

Gross assets under management*	9,523.8	7,738.8
Gross assets*	7,672.1	6,431.5
Net assets*	3,593.5	3,281.7
Net Asset Value		
– per share* (pence)	694	630
– fully diluted* (pence)	681	625
Mortgage ratio (debt/property & investments) (%)	49	43
Debt/equity ratio (%)	105	83

*Including external valuation surplus on development and trading properties

Total shareholders funds have increased by £331.8 million from £3,117.8 million to £3,449.6 million at the year end, arising mainly from the £259.9 million increase in the revaluation reserve and £72.2 million retained earnings. Including the surplus of the external property valuation over the book value of both developments and trading properties of £143.9 million (1999 – £143.9 million), the net asset value per share increased 10.2% from 630 pence at the end of 1999 to 694 pence at 31 March 2000. On a fully diluted basis the increase was 9% from 625 pence to 681 pence per share. At 31 March 2000 the market values of net debt for British Land and its share of joint ventures were £172.5 million more than their book values, compared to £246.3 million last year, reflecting the underlying rise in interest rates over the year. After notional tax relief, the adjustment to net assets would be 23 pence per share (1999 – 60 pence).

Financing, treasury policy and financial risk management

The Group finances its operations by a mixture of equity convertible bonds, public and private debt issues, securitisations and bank borrowings. The Group borrows principally in Sterling at both fixed and floating rates of interest, using derivatives where appropriate to generate the desired interest rate profile.

Objective and policies

Objective
To maintain sufficient resources to meet the financing requirements of the Group at the lowest achievable cost and minimal risk. Significant impacts on these requirements are made by property purchases, sales, developments and debt repayments.

Debt management policy

The Group continually seeks new sources of finance and does not wait for property opportunities to arise before doing so. The Group maintains a balance between longer term (over ten years) and shorter term (under ten years) funds that provide flexibility of repayment and redrawing at no penalty. The acquisition of assets is often funded initially

by shorter term revolving credit facilities and then refinanced with longer term funding when market conditions are favourable.

Funding risk is spread by using a range of banks and a variety of sources of finance e.g. equity capital markets, and fixed income capital markets in different countries and therefore economies. The maturity profile of debt is managed by spreading the repayment dates and extending and expanding bank facility terms. All Group bank borrowings are unsecured and on standard terms.

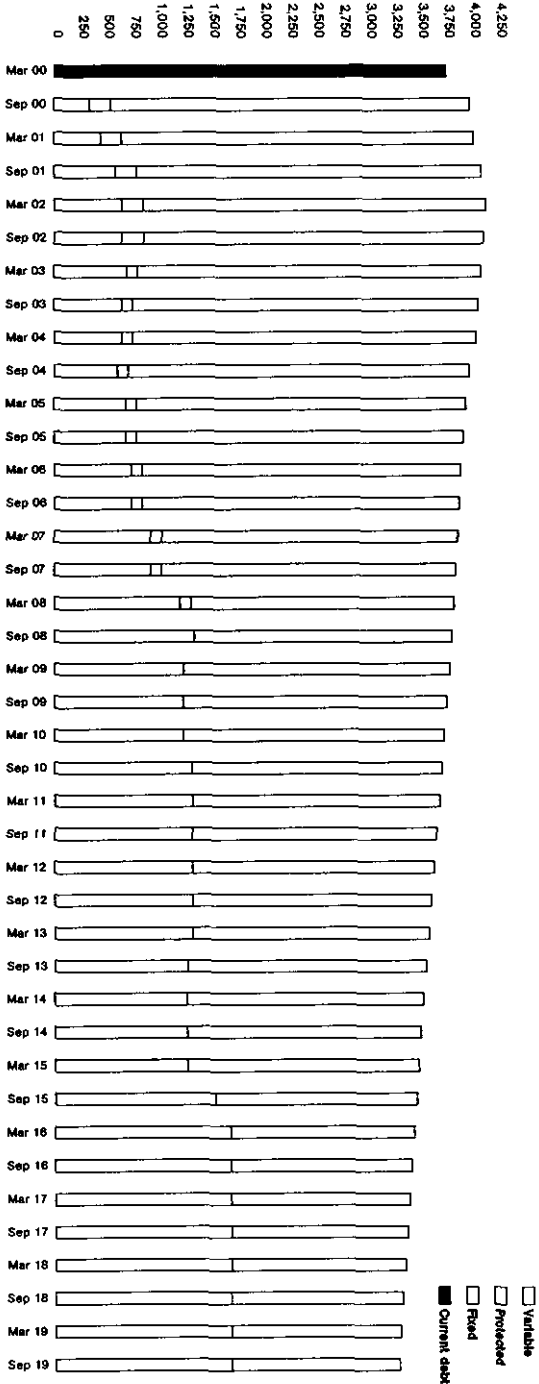
The Group enters into derivative transactions to manage exposures to fluctuations in interest rates and foreign currency exchange rates.

Interest rate management policy

The Group's income principally derives from fixed rents which are subject to upward only review. The Group uses derivatives (swaps, swaptions and caps) to maintain a suitable mixture of fixed rate capped and variable rate debt so that interest liabilities are contained. Under normal circumstances the Group maintains an average of 15% of debt, regularly less, at variable rates. In determining the appropriate level of variable rate debt, anticipated cashflows from future property and financing transactions, which have a substantial impact on debt levels, as well as the Group's gearing are carefully considered.

Effective net sterling debt - forecast exposure to interest rates £m

As at 31 March 2000



These projections rely on forecasts and assumptions based on current known positions and reasonable expectations; they will be affected by changing circumstances and future opportunities.

Financing, treasury policy and financial risk management continued

Interest rate management policy continued

In order to achieve the Group's objectives, the use of derivatives is managed and reviewed by a Derivatives Committee, which includes three executive directors. Individual counterparty creditworthiness as well as the overall spread of counterparties is monitored and controlled. Derivative facilities currently available, at no fee to the Group, are sufficient to hedge a further £2,000 million of debt.

Foreign currency management policy

The Group borrows in euros to match the balance sheet foreign currency amount of its portfolio of euro denominated assets. On occasion the Group borrows in freely available currencies other than Sterling when attractive terms are available to do so. The Group hedges its foreign currency risk on such borrowings through derivatives. The Group has no material unhedged net assets or liabilities denominated in foreign currencies.

Balance sheet management policy

The ratio of debt to assets is maintained at or around 50% in the medium term, subject to the impact of transactions, past and planned, and the Board's view of the market.

Cash management policy

Cash is primarily used to reduce indebtedness. Deposits are held to maintain an appropriate level of liquidity, and are placed having regard to the standing of the counterparty and the appropriate rate of return.

Activity since 1 April 1999

At the beginning of the year the Group net debt was £2,708.2 million of which 15% was at a variable interest rate, the balance being at fixed or capped rates. Available undrawn facilities were £619.2 million.

In May 1999, the Group completed the issue of £1,540 million fixed rate Broadgate (Funding) PLC Notes. The proceeds of the securitisation were used to repay bank debt on revolving facilities which were then available for redrawing.

In July 1999, the Group purchased Meadowhall Shopping Centre, Sheffield for around £1.17 billion and has since refinanced the £385 million external funding acquired under the purchase with unsecured bank facilities. With sales, joint venture refinancing, property additions and development expenditure, the increase in debt was £1,054.1 million to total net debt of £3,762.3 trillion at the year end. The expenditure was financed by drawing down revolving variable rate bank lines.

Facilities have been increased in the year by arranging a new £300 million, unsecured, five-year revolving syndicated loan facility with Barclays Bank. The ongoing process of renewing and extending other bank lines has continued.

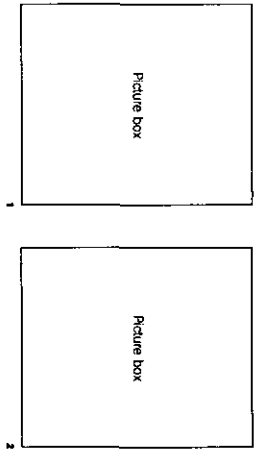
The Group has maintained significant cash and available undrawn facilities which now amount to £1,360.3 million. Average debt maturity at March 2000 is 18.4 years.

At 31 March 2000, 85% of debt is at fixed rates, 4% capped and 11% at variable rates. The joint ventures' borrowings were 90% fixed and 10% variable.

No derivative transactions of a speculative nature are undertaken and all foreign exchange assets and liabilities are hedged fully into sterling.

The weighted average interest rate has been reduced by 0.25% and is currently 7.05% (1999 – 7.3%).

PRINCIPAL INVESTMENT PROPERTIES



1 The Broadgate Centre
2 Meadowhall Shopping Centre

The Broadgate Centre, London EC2

The Broadgate Centre is an office, retail and leisure complex totalling 350,650 sq m on 30 acres (12.14 hectares), which has created a new focus in the City of London. It comprises:

Building	Area (sq m)	Principal tenants
1, 2 and 3 Finsbury Avenue	44,600	SBCI investment banking and Henderson Administration
1-3, 4, 6 Broadgate and Broadgate Circle	74,800	Lehman Bros and Bank of America
100 Liverpool Street	35,400	SBCI investment banking
135 Bishopsgate	33,400	NatWest
155 Bishopsgate	38,100	Baring Investment Services
175 Bishopsgate	35,750	European Bank for Reconstruction and Development
189 Bishopsgate	13,400	ABN AMRO Holdings
Broadwalk House	27,800	Credit Lyonnais and Ashurst Morris Crisp
Exchange House	35,700	Herbert Smith and Societas Generale
Hamilton House	7,700	PricewaterhouseCoopers, Prebon Yamare and Railtrack
1 Exchange Place (125 year leasehold)	4,000	The Broadgate Club
201 Bishopsgate (jointly owned with Railtrack PLC)	63,000	Site being developed

Tenure is either freehold or virtual freehold (999 year leasehold at a rent of £50 or less p.a. per building without review) unless otherwise stated.

Broadgate's development was undertaken in phases between 1984 and 1991 and is still on-going. Its master plan was designed to meet the requirements of a range of occupiers but with modern financial institutions particularly in mind.

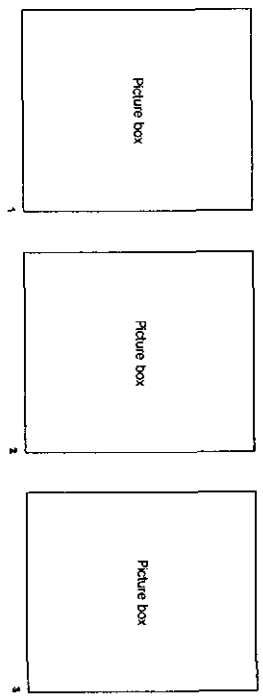
The buildings were designed by Atup Associates from London and Skidmore Owings and Merrill from Chicago and incorporate the latest U.S. model finishes and mechanical and electrical services. Flexibility incorporated from conception has enabled tenants to update their space as technology and operational requirements have changed.

All of the external and common areas are maintained by a dedicated team at Broadgate Estates Limited, a wholly owned subsidiary of British Land. In many cases the tenants have also subcontracted their repairing obligations to this company. The development is widely recognised as unique and providing a distinctive environment for almost 30,000 employees of leading professional practices and some of the world's largest corporations.

Meadowhall Shopping Centre, Sheffield

Meadowhall is one of the UK's six mega shopping centres and is situated on 126 acres (51 hectares) only 5 km from Sheffield City centre with two access points to the M1 motorway. The development contains 10 anchor stores, 184 shop units and 49 kiosks and mall carts, which together with catering and cinemas totals 124,500 sq m. The centre serves a catchment area of almost 7.5m people (and 1 in 10 UK households) within a 60 minute drive time and has free parking for 12,000 vehicles. The centre is served by a dedicated passenger transport interchange with over 400 trains per day. This facility together with the £270m Supertram service and the convergence of 120 buses per hour on 84 bus routes result in around 20% of customers arriving by public transport.

Anchor stores	Area (sq m)
Marks & Spencer	14,493
House of Fraser	9,256
Debenhams	11,673
Boots	3,245



Anchor stores (continued)	Area (sq m)
Next	3,231
W H Smith	1,882
C&A	4,714
J Sainsbury	9,200
H&M (opens October 2000)	3,000
Bhs (opens October 2000)	8,200

A recent survey found that more retailers have a requirement for space at Meadowhall than at any other major UK centre. The experienced management team, which has built up the centre since its opening in 1990, has been retained by British Land.

Regent's Place, London NW1

The phased development of Regent's Place is creating a new business centre in a highly accessible location in the West End of London. The development is a short distance from the major Railtrack termini of Euston, Kings Cross and St Pancras. Access to Liverpool Street (for London Stansted), Paddington (for London Heathrow) and all other London termini is via the adjacent London Underground stations of Euston Square, Warren Street and Great Portland Street. The 10.5 acre (4.2 hectare) complex comprising 102,300 sq m of office, retail and residential with extensive car parking. The buildings on the site include:

Building	Area (sq m)	Principal tenants
Euston Tower and podium	33,800	HM Government, BT, J Sainsbury, P&G & Manger and Standard
1, 4 & 7 Triton Square	19,500	Bank One, Sema, Holmes Place
338 Euston Road	10,500	Hodder Headline, Fox Kids, Regus
Hampstead Road and Drummond Street Buildings	16,100	University of Westminster, Logica, National Westminster Bank, West Hampstead Housing Association.

- 1 Regent's Place
- 2 Ludgate
- 3 St Stephens Green

Building	Area (sq m)	Principal tenants
Jaliscoe House	4,200	Various residential tenants
2/3 Triton Square	18,200	Pre-let new headquarters for Abbey National
		Under construction
5 Triton Square	121,000	Under construction

Ludgate, London EC4

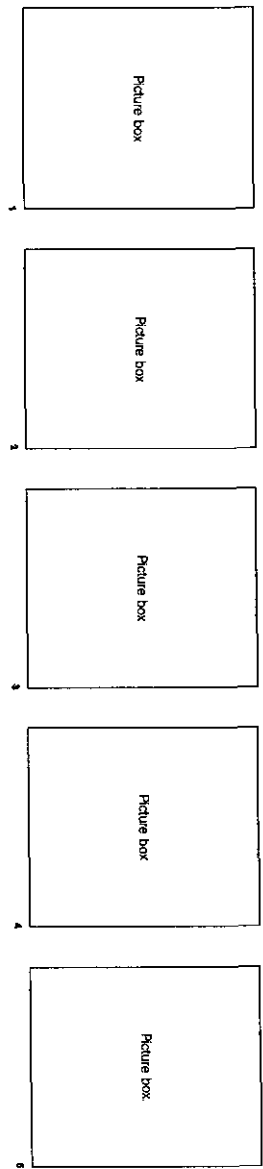
Located in the much improved Mid-Town at 100 New Bridge Street. The Ludgate Estate consists of 3 office and retail buildings. The tenure is a 999 year leasehold at a peppercorn rent without review.

Building	Area (sq m)	Principal tenants
1 Fleet Place	16,700	Denton Wilde Sapie
10 Fleet Place	17,000	Hill Samuel Investment Management, Dow Jones and Company and MCI Worldcom
100 New Bridge Street	15,500	Baker & McKenzie

The two Fleet Place buildings were designed by Skidmore Owings and Merrill and the New Bridge Street building by Renlon Howard Wood Levin. The development, completed in 1992, was an urban regeneration of land previously occupied by railway lines now re-sited below ground. The standards of construction, finish and services are similar to those found at the sister Broadgate development.

St Stephens Green Centre, Dublin

St Stephens Green is a covered shopping centre located in Dublin's premier shopping district. It provides 30,200 sq m of retail and restaurant space with a 675 space multi-storey car park. The centre was developed by the Company and opened in 1988. A major extension was completed in 1998 adding further



- 1 Teesside Park
- 2 Eastgate Centre
- 3 122 Leadenhall Street
- 4 Plaza Centre
- 5 Wailing House

space and a 130 room hotel which was pre-sold to the Holland Gilmour Hotel Group. Tenants include Dunnes, Roches, Boots, T K Maxx and 86 other retailers.

Teesside Park, Stockton-on-Tees

Teesside Park is located between the neighbouring conurbations of Stockton-on-Tees and Middlesbrough. The park, which was originally developed in 1991, is linked directly to the A66(M) and consists of 30,700 sq m of retail space let on 26 leases, with 1,600 car spaces covering 38.5 acres (15.5 hectares). The park has been expanded into a major shopping destination and is now visited by over 2 million cars per annum. This has attracted not only leading UK out-of-town retailers including Currys, Carpetright, Comet and Homebase but also names more usually associated with the high street, such as Boots, JJB Sports, The Carphone Warehouse and Time Computers. Since acquiring the core holding, additional development land of 14.6 hectares and other adjacent interests have been acquired to allow further phases to be built and take advantage of active management opportunities.

Eastgate Centre, Basildon

Eastgate is a popular covered shopping centre, which forms the major part of Basildon town centre and comprises two anchor stores, 116 shop units with a total area of 68,100 sq m and a multi-storey car park. An extensive refurbishment was carried out during 1996. Principal tenants include Alders and J Sainsbury. The development includes offices of 11,334 sq m let principally to CGU.

122 Leadenhall Street, London EC3

122 Leadenhall Street is located in the insurance district near the Lloyds of London headquarters building. This 16,650 sq m office building is planned on two basement, lower ground, ground, mezzanine and eleven upper floors

including ground floor retail. The principal tenants are Credit Agricole and Banque Indosuez. The retail element of 812 sq m is principally let to Marks & Spencer. The property was constructed in 1969 but substantially rebuilt in 1996. We are improving the aesthetics and environment of the adjacent public square in conjunction with CGU.

Plaza Centre, East Kilbride

The Plaza, East Kilbride, is an enclosed shopping centre forming a major part of the 100,000 sq m town centre. It is the largest covered shopping centre in Scotland. Occupiers of the 27,840 sq m of retail space include Marks & Spencer, Boots, W H Smith, Bhs, Somerfield and 42 other units. The Plaza Centre also includes a 14,976 sq m office building with the Inland Revenue and CGU as principal tenants. A 990 space multi-storey car park is also part of the scheme which has recently undergone refurbishment and alteration to provide a new atrium and mall improvements. The property was originally constructed in 1972 but has since been remodelled to provide additional shops and improved amenities.

Wailing House, 35 Cannon Street, London EC4

Wailing House is newly developed by British Land in a prominent location virtually adjacent to St Paul's Cathedral and close to several public transport facilities including Railtrack's Cannon Street terminus and St Paul's underground station. The property is an office and retail building providing 6,650 sq m space on 9 floors including ground, lower ground and basement. The offices are occupied by Crestco, the Stock Exchange settlements company while the retail space is let to Bass Taverns and Kinko's Limited.

OTHER MAJOR PROPERTIES IN THE PORTFOLIO

(all freehold and wholly owned unless otherwise stated) include:

Property use type	Region	Property name	Number of hectares	Property description	Area in sq metres	Date built or last refurbished
Distribution	GL	Greenford, Scottish & Newcastle Depot	1	High bay distribution facility	12,000	1998
	SE	Barnby, Echo Park	2	High bay distribution facility	16,100	1995
	GL	Hayes, Springfield Road	5	Five light industrial units	7,200	1989
	SW	Poole, Holton Heath Trading Park	35	Warehouse and light industrial units with open storage land and 38.4 hectares of heathland	13,000	1975
	Y&H	York, Clifton Moor	96	Edge of town industrial estate on 20 hectares	41,300	1980
Leisure	GL	Croydon, Valley Park	7	Out of town leisure park	9,400	1995
	GL	Dagenham, Dagenham Leisure Park	7	Suburban leisure park	11,800	1996
	WM	Birmingham, Great Park	9	Multiple cinema on an out of town leisure park	4,600	1997
	Y&H	Lands, Kinross Road	9	Edge of town leisure park	18,800	1998
Office	CIT	London EC3, 51 Eastcheap	2	Office building on basement ground and six upper floors	7,500	1987
	WE	London W1, 2-16 Baker Street	8	Office building on basement ground and eight upper floors including ground floor retail of 1,549 sq m (long leasehold)	8,300	1984
Office and retail	WE	London W1, York House, Great Cumberland Place	21	Office retail leisure and residential building on basement ground and seven upper floors (long leasehold)	8,900	1995
	WE	London NW1, 10 Cornwall Terrace	0	Office building on basement ground and three upper floors. Used as group headquarters (long leasehold)	2,400	1996
	NW	Liverpool, Two Moorfields	21	Office building on ground, mezzanine and four upper floors including ground floor retail of 905 sq m	5,900	1984
	NW	Manchester, St Peter's Square, Elizabeth House	32	Office building on basement ground and six upper floors including ground and basement retail of 1,500 sq m	8,700	1990
	SCD	Edinburgh, Orchard Brae House	28	Office building on eight floors with 205 car spaces	9,800	1993
	SCD	Glasgow, Portcullis House	1	Office building on basement ground and six upper floors	9,400	1990
	SE	Reading, Westbrook Mills	2	Office building on three floors on a site of 2.2 hectares	5,300	1983
	SE	Reading, Kingswood, Legal & General House	1	Office on three floors in 12.4 hectares of grounds, 1,500 car spaces	23,200	1988
	WE	London W1, 95-99 Baker Street	5	Office and retail building on basement ground and six upper floors including three residential units	2,300	1997
	WE	London W1, Leicester Square, Swiss Centre	20	Office on basement ground and six upper floors including ground floor retail of 1,436 sq m and 185 basement car spaces	24,700	1993
	WM	Birmingham, Temple Court	17	Department store on basement ground and three upper floors	6,800	1960
	SE	Sleugh, High Street, Alders	1	Department store on basement ground and seven upper floors	45,500	1964
	WM	Birmingham, Backhams	1	Department store on ground and four upper floors (long leasehold)	9,800	1979
	Y&H	Kingspan-upon-Hull, Alders	1	Edge of town retail park	17,800	1988
	EM	Northampton, St James Retail Park	8	Retail warehouse development (long leasehold)	5,500	1987
	GL	Croydon, Purley Way Centre	2	Out of town retail warehouse	11,300	1986
	N	Stockton-on-Tees, Portrack Lane	1	Out of town retail park	7,100	1988
NW	Chester, Greyhound Retail Park	23	Out of town retail park including some leisure and industrial	18,600	1990	
SCD	Dumbarrow, St James Retail Park	5	Out of town retail park	6,400	1990	
SCD	Eggin, Springfield Retail Park	6	Out of town retail park	8,500	1987	
SCD	Glasgow, Auchinclose Retail Park	6	Suburban retail park	10,900	1991	
SE	Coventry, The Tolgate Centre	12	Out of town retail park	10,700	1988	
SE	Oxford, Botley Road, Oxford Retail Park	2	Out of town retail park	7,100	1988	
Y&H	Sheffield, Queens Road Retail Park	6	Suburban retail park	4,900	1994	
EM	Sutton, Ashfield, Glewells Centre	49	Covered shopping centre	13,100	1994	
EA	Cambridge, J Sainsbury	1	Suburban store	6,700	1995	
EM	Asby de la Zouch, Somerfield	1	Single-storey town centre supermarket with 200 car spaces	1,800	1997	
EM	Boston, Somerfield	1	Edge of town store with 300 car spaces	2,500	1985	
EM	Kimberley, J Sainsbury	1	Town centre store	5,300	1985	
EM	Lancaster, J Sainsbury	1	Edge of town store with 2,823 sq m of other retail	7,800	1987	
EM	Northampton, J Sainsbury	1	Out of town store with petrol filling station	6,800	1997	
EM	Northampton, J Sainsbury	1	Out of town store with petrol filling station on a retail park	7,100	1997	
GL	Beckenham, J Sainsbury	1	Town centre store	3,800	1986	
GL	Chadwell Heath, J Sainsbury	1	Suburban store	5,000	1983	
GL	London W4, Chiswick, J Sainsbury	1	Suburban store	6,100	1988	
GL	Croydon, Purley Way, J Sainsbury	1	Out of town store	6,400	1988	
GL	London SW7, Fulham, Kwik Save	1	Ground floor supermarket of 1,465 sq m with self-contained health club of 2,089 sq m on two upper floors	3,600	1999	
GL	Hounslow West, Somerfield	1	Suburban store with 150 car spaces	3,300	1984	
GL	London N1, Islington, J Sainsbury	1	Town centre store	6,200	1992	
GL	Orpington, The Varnals, J Sainsbury	1	Town centre store (long leasehold)	3,000	1970	
GL	London E18, South Woodford, J Sainsbury	1	Town centre store with a cinema and 1,115 sq m of other retail	4,900	1989	

Key: Region CIT—London City, EA—East Anglia, EIR—Republic of Ireland, EM—East Midlands, GL—Greater London, N—North, NI—Northern Ireland, NW—North West, SC—Scotland, SE—South East, SW—South West, WM—Wales, WE—London West End, WM—West Midlands, Y&H—Yorkshire & Humberside.

Other major properties in the portfolio (continued)

Property use type	Region	Property name	Number of leases	Property description	Area in sq metres	Date built or last refurbished
GL	GL	Sutton, J Salisbury	1	Town centre store.	3,000	1970
GL	GL	London E17, Walthamstow, J Salisbury	1	Town centre store with 373 sq m of other retail (long leasehold).	5,400	1981
GL	GL	London W13, West Ealing, J Salisbury	1	Town centre store with 1,108 sq m of offices.	6,700	1980
NW	NW	Altrincham, J Salisbury	2	Town centre store including 235 sq m of other retail (long leasehold).	4,900	1997
NW	NW	Birkenhead, J Salisbury	1	Suburban store with petrol filling station.	3,500	1984
NW	NW	Preston, Bamber Bridge, J Salisbury	1	Out of town store with petrol filling station.	5,900	1989
SE	SE	Barnby, J Salisbury	1	Suburban store with petrol filling station.	5,600	1994
SE	SE	Berwick, Kempston, J Salisbury	1	Suburban store with 2,038 sq m of other retail and offices (long leasehold).	7,900	1975
SE	SE	Bewell, J Salisbury	1	Town centre store with 698 sq m of other retail.	3,900	1975
SE	SE	Billewsey, Somerset	1	District centre store with 145 car spaces.	1,800	1984
SE	SE	Campham, Somerset	1	Town centre store.	2,000	1984
SE	SE	Frimley, Wiltshire	1	Town centre store with 75 car spaces and adjacent public car park.	2,500	1978
SE	SE	Hausla, Somerset	1	Town centre store with adjacent public car park.	1,700	1984
SE	SE	Orington, Locksbottom, J Salisbury	2	Suburban store.	6,400	1993
SE	SE	Portsmouth, J Salisbury	1	Edge of town store.	5,300	1988
SE	SE	Shafton, Somerset	1	Town centre store with 90 car spaces.	1,500	1985
SE	SE	Southampton, Lidsell, J Salisbury	1	Out of town store in district centre with petrol filling station and 4,883 sq m of other retail and leisure.	9,400	1997
SE	SE	Born, Somerset	1	Edge of town store with 300 car spaces.	3,200	1988
SE	SE	Braden, Somerset	1	Out of town store with petrol filling station.	5,400	1989
SE	SE	Bridgewater, J Salisbury	1	Town centre store with 96 car spaces.	1,800	1987
SE	SE	Burham-on-Sea, Somerset	1	District centre including store and unit shops and 400 car spaces.	2,500	1988
SE	SE	Calet, Co-op	1	Town centre store with 67 car spaces and adjacent public car park (long leasehold).	1,800	1988
SE	SE	Helston, Somerset	1	Town centre store with adjacent public car park (long leasehold).	1,700	1986
SE	SE	Malvern, Somerset	1	Suburban store with 80 car spaces.	1,400	1987
SE	SE	Malvern, Somerset	1	Town centre store with 198 car spaces.	1,700	1984
SE	SE	Newquay, Somerset	1	Town centre store with 190 car spaces.	3,100	1988
SE	SE	Shaftesbury, Somerset	1	Town centre store adjacent to a public car park.	1,500	1987
SE	SE	Tolnes, Devon, Somerset	1	Town centre store with 2 unit shops, 2 flats and 80 car spaces.	1,900	1985
SE	SE	Wiston-Super-Mare, J Salisbury	1	Out of town store with 4,835 sq m of other retail and a public house.	11,300	1997
SE	SE	Swinton, J Salisbury	1	Out of town store with petrol filling station.	7,200	1986
SE	SE	Buckley, Somerset	1	Edge of town store with 105 car spaces.	1,500	1989
SE	SE	Cardif, Thornhill, J Salisbury	1	Out of town store including Homebase of 3,068 sq m.	9,600	1987
SE	SE	Chapstow, Somerset	1	Edge of town store including petrol filling station and 468 sq m of other retail.	5,200	1984
SE	SE	Cornish & Quay, Somerset	1	Edge of town store with 120 car spaces.	1,900	1985
SE	SE	Landford, Wells, Somerset	1	Edge of town store with adjacent public car park.	2,600	1987
SE	SE	Monmouth, Somerset	1	Town centre store with 80 car spaces.	1,400	1987
SE	SE	Newport, J Salisbury	1	Town centre store with 190 car spaces.	1,700	1988
SE	SE	Swansea, J Salisbury	1	Out of town store with 190 sq m of other retail.	5,500	1994
SE	SE	Birmingham, Selly Oak, J Salisbury	1	Edge of town store with petrol filling station (long leasehold).	8,100	1997
SE	SE	Worcester, Blackcode, J Salisbury	1	Suburban store.	5,800	1993
SE	SE	Barton upon Trent, J Salisbury	1	Suburban store with petrol filling station.	4,600	1993
SE	SE	Coventry, Somerset	1	Town centre store.	6,300	1997
SE	SE	Hareley, J Salisbury	1	Suburban store with 180 car spaces.	3,400	1985
SE	SE	Hereford, J Salisbury	1	Edge of town store with petrol filling station.	5,600	1987
SE	SE	Kingswinford, Dudley, Somerset	1	Edge of town store with petrol filling station.	5,200	1986
SE	SE	Leominster, Somerset	1	Suburban store with adjacent public car park.	2,100	1985
SE	SE	Ludlow, Somerset	1	Town centre store including 2 unit shops and 80 car spaces.	1,500	1986
SE	SE	Oswestry, Somerset	1	Town centre store adjacent to a public car park.	2,100	1986
SE	SE	Rugby, J Salisbury	1	Edge of town store adjacent to a public car park.	2,500	1986
SE	SE	Swadincote, Somerset	1	Out of town store with petrol filling station.	5,900	1989
SE	SE	Bradford, J Salisbury	1	Town centre store with 135 car spaces.	2,200	1988
SE	SE	Grenaby, J Salisbury	1	Suburban store with petrol filling station and Homebase of 3,693 sq m.	8,000	1995
SE	SE	Norhaleton, Somerset	1	Out of town store with petrol filling station.	5,300	1988
SE	SE	Shefield, J Salisbury	1	Edge of town store with 208 car spaces.	2,500	1986
SE	SE	York, J Salisbury	1	Out of town store.	8,200	1988
SE	SE	York, J Salisbury	1	Edge of town store with 3,028 sq m of other retail.	8,000	1984

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Other major properties in the portfolio (continued)

Property use type	Region	Property name	Number of leases	Property description	Area in sq metres	Date built or last refurbished
Office	CIT	London EC3, 133 Houndsditch	12	An office building arranged over ground and five upper floors with a leisure element at ground floor level.	19,200	1991
Office and retail	SE	Reading, Microsoft Campus	7	Three self contained office buildings on an office park.	21,500	1997
	WE	London W1, 251-256 Tottenham Court Road	6	An office building of seven floors with ground floor retail.	2,300	1955
	NW	Liverpool, 58-72 Church Street	6	Five storey retail and office property in the city centre.	5,500	1960
Retail	GL	Kingston upon Thames, 51-52 Clarence Street	2	Two town centre retail units within the pedestrianised area.	1,300	1900
	WE	London W1, 187-195 Oxford Street	4	Two retail properties with offices and ancillary areas above.	2,800	1952
	N	Newcastle upon Tyne, 72-76 Northumberland Street	2	Two retail units on basement, ground and three upper floors.	3,100	1920
	NW	Newcastle upon Tyne, 79-82 Northumberland Street	2	City centre variety store (long leasehold).	8,400	1930
	NW	Manchester, 42-46 Market Street	2	High street retail unit on ground and two upper floors.	1,400	1990
	EIR	Dublin, 28-29 Grafton Street	1	Two town centre retail properties.	1,500	1953
	SCO	Edinburgh, 60 Princes Street	1	Town centre retail unit (long leasehold).	2,800	1973
	SCO	Glasgow, 43-55 Argyle Street	3	City centre retail property arranged over basement, ground and five upper floors.	2,200	1987
	SCO	Glasgow, 78-90 Buchanan Street	5	Three city centre retail units.	4,200	1966
	SE	Southampton, 51-55 Above Bar Street	3	City centre retail on ground and basement with three floors of offices above.	2,700	1986
	SW	Swindon, 10-17 Regent Street	5	Two city centre retail units on ground and two upper floors.	1,200	1954
	WAL	Cardiff, 41 Queen Street	1	Four high street retail units.	3,500	1990
	Y&H	Sherfield, 33-35 Pringle	1	High street retail unit on ground and two upper floors.	1,400	1950
Retail warehouse	EA	Cambridge, The Beehive Centre	11	High street retail unit on ground and four upper floors.	2,500	1950
	NI	Belfast, Canswate Retail Park	12	Edge of town retail warehouse park and petrol filling station.	26,100	2000
	NI	Coleraine, Riverside Retail Park	3	Edge of town retail warehouse park.	11,400	1997
	SE	Derby, Whalstone Lane South	3	Edge of town supermarket with two retail warehouse units.	6,500	1938
	SW	Bath, Weston Lock Retail Park	3	A retail warehouse unit with garden centre.	4,800	1989
	WAL	Cardiff, Wernock Retail Park	2	Two retail warehouse units with 109 car spaces in an edge of town location.	2,300	1996
	Y&H	Walsfield, Westgate Retail Park	17	Two retail warehouses with 185 car spaces in an edge of town location.	3,300	1996
Shopping centre	NI	Belfast, Canswate Shopping Centre	50	Edge of town retail and leisure park.	18,400	1996
	SCO	Aberdeen, St Nicholas Centre	25	Edge of town shopping mall.	16,800	1995
	EH	Lincoln, Tesco	1	Covered city centre shopping mall with two floors of offices above (long leasehold).	7,200	1985
	WAL	Swansea, Lersarnket, Tesco	1	Edge of town supermarket with petrol filling station.	5,500	1985
	WAL	Swansea, Lersarnket, Tesco	1	Edge of town supermarket (long leasehold).	4,400	1985
BL Rank Properties Limited						
Leisure	EM	Lancaster, Lancaster Leisure Park	1	Edge of town multi leisure complex.	8,100	1997
	EM	Lincoln, Triton Trading Estate	1	Multiple cinema on out of town retail park.	1,400	1995
	GL	London E9, Beckton	1	Bingo club on out of town retail park.	2,900	1982
	GL	London SW18, Wandsworth, Garnett Lane	1	Freestanding suburban bingo club.	4,000	1985
	N	Hartlepool, The Laundry	2	Bingo club on out of town retail park.	2,700	1995
	N	Stockton-on-Tees, Chandlers Wharf	7	Edge of town retail park and bingo club.	7,900	1986
	NW	Beckford, Talbot Road	1	Freestanding edge of town bingo club.	3,800	1986
	NW	Bronborough, Writal Leisure Park	1	Multi leisure unit on out of town leisure park.	8,000	1991
	NW	Liverpool, Knowly Ash	1	Freestanding suburban bingo club.	2,700	1994
	NW	Manchester, Imperial Trading Estate	1	Freestanding suburban bingo club.	3,200	1986
	SCO	Glasgow, The Forge	1	Freestanding edge of town bingo club.	4,600	1995
	SCO	Glasgow, Duntocher, Aids West	1	Bingo club on out of town retail park.	3,000	1995
	SE	Glasgow, The Quay	8	Edge of town leisure park.	11,900	1986
	SE	Southampton, Leisure World	2	Freestanding edge of town multi leisure unit (long leasehold).	14,000	1997
	SE	Southend-on-Sea, Victoria Circus	1	Town centre multiple cinema.	3,600	1996
	SW	Bristol, Barrow Court	1	Freestanding edge of town bingo club.	2,100	1997
	WAL	Swansea, Central Camarthen Road	1	Freestanding suburban bingo club.	2,800	1996
	WAL	Birmingham, Stockfield Road	1	Freestanding suburban bingo club.	3,600	1988
	WAL	Stoke-on-Trent, Stoke Festival Park	2	Multi-leisure unit on an out of town leisure park.	7,700	1989
	WAL	Telford, Southwater Square	1	Town centre multi leisure unit.	4,900	1992
	Y&H	Kingston-upon-Hull, Cough Road	1	Freestanding edge of town bingo club.	3,500	1986
	Y&H	Huddersfield, Folly Hall	1	Freestanding edge of town multi leisure unit.	8,000	1994

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Other major properties in the portfolio (continued)

Property use type	Region	Property name	Number of leases	Property description	Area in sq metres	Date built or last refurbished
BLT Properties Limited						
Distribution	SE	Southampton, Nursing, Tesco Distribution Centre	2	High bay distribution warehouse	29,700	1985
	SE	Southampton, Nursing, High bay distribution warehouse	1		7,000	1985
Retail warehouse	SW	Christians Salvesen Distribution Centre	6	Out of town retail park	10,400	1996
	WAL	Plymouth, Marsh Mills Retail Park	2	Suburban retail park including a Tesco store of 4,747 sq m and a petrol filling station	12,600	1996
	EM	Newport, Harlech Retail Park	7	Suburban store with a petrol filling station	4,800	1986
Supermarket	GL	Northampton, Bulwell, Tesco	2	Suburban store with a petrol filling station	5,800	1997
	SE	Feltham, Tesco	1	Suburban store with a petrol filling station	5,800	1997
	SE	Asford, Tesco	1	Out of town store	4,400	1997
	SE	Southwest-on-Sea, Tesco Metro	1	Town centre store	3,100	1997
	SW	Barnstaple, Tesco	1	Out of town store	6,400	1998
	SW	Bristol, Brislington, Tesco	1	Out of town store with petrol filling station	8,400	1996
	SW	Newton Abbot, Tesco	2	Out of town store with a petrol filling station	6,600	1995
	WAL	Pontypool, Tesco	2	Out of town store with a petrol filling station	7,100	1987
	WAL	Wrexham, Tesco	2	Edge of town store with a petrol filling station	5,500	1982
BL Fraser Limited						
Retail	EM	Lincoln, 226-231 High Street	1	Department store	7,600	1960
	N	Darlington, Blackwellgate	1	Department store	12,700	1926
	N	Middlesbrough, 37 Linthorpe Road	1	Department store	12,000	1956
	NW	Carlisle, 26-40 English Street	1	Department store	6,900	1950
	SCO	Perris, 116-120 High Street	1	Department store	5,500	1983
	SE	Cambridge, Park Street & Phoenix Way	2	Department store (long leasehold)	11,600	1970
	SE	Chichester, West Street & tower Street	1	Department store	6,500	1995
	SE	Guildford, 105-113 High Street	1	Department store	15,400	2000
	SW	Plymouth, 40-46 Royal Parade	1	Department store (long leasehold)	17,100	1990
	WAL	Candell, St. Mary's Street & Trinity Street	2	Department store (long leasehold)	26,100	1970
	WAL	Leamington Spa, 78-86 The Parade	1	Department store	9,300	1974
	Y&H	Doncaster, 13-14 Bakergate	1	Department store	4,800	1965
	Y&H	Garnsey, Victoria Street West	1	Department store	8,500	1970
	Y&H	Kingston-upon-Hull, 1 Paragon Square	1	Department store	17,500	1984
	Y&H	Leeds, 139-142 Blugate	1	Department store	10,700	1966
Tesco B.L. Holdings Limited						
Retail Warehouse	NW	Bury, Woodlids Retail Park	7	Out of town retail park with Tesco store of 7015 sq m and a petrol filling station	13,400	1997
	SE	Milton Keynes, The Kingston Centre	15	Out of town retail park, including a Tesco store of 7,457 sq m and a petrol filling station	15,500	1992
Shopping Centre	EA	Peterborough, Sempine Green	5	Out of town shopping centre including a Tesco store of 12,077 sq m and a petrol filling station (long leasehold)	22,900	1999
	NI	Londonderry, Lurgaghin Shopping Centre	21	District shopping centre including a Tesco store of 4,025 sq m and a petrol filling station	8,800	1994
Supermarket	GL	London WY10, Neasden, Tesco	2	Suburban store with a petrol filling station	10,100	1985
	GL	London E3, Bromley by Bow, Tesco	1	Suburban store with a petrol filling station	6,600	1982
	SE	Southampton, Bursledon, Tesco	2	Out of town store with a petrol filling station	9,800	1999
	SE	Maldstone, Grove Green, Tesco	7	Neighbourhood shopping centre including a Tesco store of 3,829 sq m and a petrol filling station	4,600	1994
	SW	Ferndown, Tesco	1	Neighbourhood shopping centre including a Tesco store of 5,786 sq m	7,900	1966
The Tesco British Land Property Partnership						
Shopping Centre	EM	Letchester, Beaunort Lays Shopping Centre	67	District shopping centre including a Tesco store of 9,896 sq m and a petrol filling station	21,500	1984
	EM	Northampton, Weston Fawell Shopping Centre	60	District shopping centre including a Tesco store of 13,543 sq m and a petrol filling station	21,700	1974
	NI	Lisburn, Bow Street Mall	45	Town centre shopping mall including a Tesco store of 4,602 sq m	10,300	1989
Peacocks Centre Partnership						
Shopping Centre	SE	Woking, Peacocks Shopping Centre	99	Covered shopping centre with parking and entertainment facilities (long leasehold)	32,500	1992

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Do sea lions also show an aptitude for Real Tennis, another of the Chairman's interests?

Picture box

VALUATION CERTIFICATE

The Directors
The British Land Company PLC
 10 Cornwall Terrace, Regent's Park, London NW1 4QP

Dear Sirs,

UK Portfolio Valuation 2000

In accordance with your instructions we have carried out a valuation of certain freehold, heritable and leasehold properties in the United Kingdom owned by The British Land Company PLC or its wholly owned subsidiaries in order to advise as to the open market value for balance sheet purposes of these property assets as at 31 March 2000.

We are of the opinion that the total of the open market values of the properties listed on the attached schedules and owned by the Group as at that date is in the sum of:

£6,964,591,501

(Six billion eight hundred and sixty four million five hundred and ninety one thousand five hundred and one pounds)

	Freehold	Long Leasehold	Short Leasehold
A. Held as investments	6,248,338,000	234,150,000	2,700,001
B. Held for development	29,716,500	505,000	
C. Owner occupied		11,400,000	
D. In the course of development	336,780,000		
Total value	6,815,836,500	246,055,000	2,700,001

The above figures represent the aggregate of the values attributable to the individual properties, and should not be regarded as a valuation of the portfolio as a whole in the context of a sale as a single lot. In the case of the development property at 201 Bishopsgate we have as instructed included half of its value, reflecting the nature of the agreement with Railtrack Plc.

Certain properties within the Group are held on 999 year or similar length leases, some with the option to purchase the freehold for £1. Others are held predominantly on a freehold basis but include parts held on a long leasehold basis at a peppercorn or nominal ground rent. In calculating the apportionments between tenure types above, we have included these in the freehold category. Short leasehold properties are classified as having less than 50 years unexpired.

Basis of Valuation

The properties have been valued on an open market basis with the exception of the owner occupied property at Cornwall Terrace, which has been valued on an existing use basis. Open market value is an opinion of the best price at which the sale of an interest in the property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- a willing seller;
- that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms, and for the completion of the sale;

- that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

We would draw your attention to paragraph (b) of the above definition of open market value. Given market conditions as at the valuation date, a period of three to six months can be considered a reasonable time in which to effect a sale of any individual property. Our valuation does, however, assume that any sale would be as part of an orderly disposal of such assets and that the market would not be adversely affected by an attempt to dispose of a significant holding over a short period.

Existing use value means an opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- a willing seller;
- that, prior to the date of valuation there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;
- that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- that no account is taken of any additional bid by a prospective purchaser with a special interest;
- that both parties to the transaction had acted knowledgeably, prudently, and without compulsion;
- the property can be used for the foreseeable future only for the existing use; and
- that vacant possession is provided on completion of the sale of all parts of the property occupied by the business.

In our valuation of those classified as completed properties in the portfolio, no account has been taken of any retentions, nor do our valuations make allowance for any outstanding development costs, fees, or other expenditure for which the Group may be liable.

Our valuation of the properties in the course of development reflects the stage reached in construction and the costs already incurred at the date of valuation, whilst having regard to the contractual liabilities of the parties involved in the development and any cost estimates which have been prepared by your professional advisers and supplied to us.

This certificate and valuation and the detailed reports attached have been prepared in accordance with the current edition of the Appraisal and Valuation Manual (The Red Book) issued by The Royal Institution of Chartered Surveyors.

Surveys and enquiries upon which all of our valuations are based are carried out by general practice surveyors making appropriate investigations having regard to the purpose of the valuation. The valuers responsible for the work are qualified asset valuers as defined in the new Red Book.

Whilst we have not examined the title documents themselves, we have in all but a very few cases seen your solicitors reports on title and, we have therefore, assumed that, unless stated otherwise, the interests are not subject to any onerous restrictions, to the payment of any unusual outgoings or to any charges, or rights of way or easements, other than those to which we have referred. We have assumed that any outstanding requirements of the various repairing covenants will be met.

Details of the nature and extent of the properties, the tenure and tenancies, permitted uses and related matters, have been supplied by you. Where possible this information has been confirmed during our inspection. We have assumed that these details are accurate and that the interests are in all respects good and marketable.

Properties and accommodation occupied by the Group or subject to inter-company leases have been valued assuming vacant possession.

We have made oral enquiries of the local planning and highway authorities and the information obtained is assumed to be correct. We have been informed that there are no local authority planning or highway proposals that might involve the use of compulsory purchase powers or otherwise directly affect the properties. No formal searches have been instigated.

The properties included in this report were inspected between January and March 2000, and were measured in accordance with The Royal Institution of Chartered Surveyors Code of Measuring Practice. The floor areas given are derived from measurements taken on site or have been scaled from the drawings supplied and checked by sample measurements on site.

As we were not instructed to carry out structural surveys or to test any of the service installations, our valuations reflect only the general condition of the properties evident from our inspections and any defects of which we have been made aware as detailed in the individual reports. We assume that no materials have been used in the construction of the buildings which are deleterious, hazardous or likely to give rise to structural defects. We also assume that all relevant statutory requirements have been complied with.

We were not instructed to carry out investigations into ground conditions, and unless otherwise indicated in the individual reports, our valuations assume that the sites are physically capable of development, or redevelopment, when appropriate, and that no special or unusual costs will be incurred in providing foundations and infrastructure.

You have not instructed us to carry out any investigation into pollution hazards which might affect the properties and, unless otherwise indicated, our valuations assume that the properties are not adversely affected by any form of pollution.

Our valuations assume that any building services which incorporate electronic devices necessary for their proper functioning, and the software which operates such devices, are Millennium compliant, or can be rendered so compliant at no significant cost. You have informed us that no such problems were encountered in the period immediately following the new Millennium.

In arriving at our valuations, no allowance has been made for the costs of realisation, any liability for tax which might arise in the event of disposal or deemed disposal or for the existence of any mortgages or similar financial encumbrances over the properties. Our valuations are exclusive of any VAT.

Major Valuation Issues

General

Across the portfolio the policy of concentrating on larger and higher quality lot sizes has been rigorously pursued over the 12 months since the last valuation. Consequently there is a very high proportion of modern property let on generally long leases to good covenants. Aside from the City offices there is a substantial stake in West End offices represented predominantly by Regent's Place. Retail warehouse and good quality retail has been increased both by the sale of smaller more secondary lots within the BL Universal portfolio and most significantly the acquisition of Meadowhall Shopping Centre. The company is now one of the largest landlords of retail warehousing in excess of 3,000,000 sq ft including joint ventures. Industrial holdings are limited being mainly focused in and around London where rental performance has been greatest. The company also has a substantial stake in leisure via joint ventures with Scottish & Newcastle and Rank.

The City of London

The portfolio is heavily weighted towards City offices, most notably at Broadgate. Whilst for the very largest potential lettings the market is considered to be in equilibrium, there is growing evidence, some post-dating our valuation within Broadgate itself to suggest that competition for more 'standard' sized accommodation, is driving rents up. These may yet exceed levels struck on more sizeable pre-letting transactions where the tenants bargaining position is stronger.

In both real and nominal terms City rents are low compared to the peak of the previous cycle. Moreover they also appear modest compared to competing locations such as Docklands, and the West End. The improvement of "mid town" to rental levels close to those achieved in The City has benefited the Ludgate Estate properties at New Bridge Street and Fleet Place.

Although projections more than a year or two hence are difficult this will depend on demand levels (as opposed to simply predicting supply), it seems likely that headline rents will rise by a further £7-£10 psf over the next two years from a present peak of say £55 psf. By contrast within the Broadgate Estate our highest ERV as at 31 March 2000 was about £47 psf.

As this evidence of rising rents becomes more commonplace there is also the possibility that yields, where we currently have adopted 6% equivalent as our prime benchmark, will harden, reflecting increased confidence on the back of such transactions.

The West End of London

Peak rents, now close to £70 psf, seem likely to rise still further, based upon a very restricted supply. A number of occupational requirements come from e-commerce related businesses. Landlords have been reluctant to accept them as tenants due to lack of historical trading figures and perceived risk of default. In the current strong market, we anticipate that landlords will be more flexible in their covenant requirements. This will produce benefit most significantly for British Land at Regent's Place where our current ERV's are just over £40 psf. There are many potential tenants who will consider less traditionally core locations provided the accommodation and environment meets their requirements, as here.

Shopping Centres, Retail, Retail Warehousing

Retail in general is experiencing a pause as the impact of e-tailing is evaluated. Latest developments in that sector do suggest that tears concerning traditional retailing have been overlaid. As ever, growth when it re-emerges is likely to be rapid rather than gradual. Shopping centres, where there is scope for active management allow exposure to sizeable retail income flows. Whilst current planning prevails there is a virtual monopoly of supply of substantial out of town schemes.

Most significant of these is Meadowhall where its unrivalled transport links, future growth prospects, the opportunities to reconfigure units, and scope for further extensions, are all reflected in our adopted equivalent yield of over 5.6%. Although rents are at the upper end of the spectrum in national terms, the ability to create larger units to meet the needs of the most successful retailers, should generate transactions which, if analysed on an overall basis, are still low compared to rents achieved at the most successful out of town shopping parks.

Within the out of town sector the Group has now accumulated a substantial holding where typically current rental levels are still low compared to the highest achieved on the most successful parks.

In town yields have shifted to levels which are higher than recent averages. There is therefore scope for a beneficial readjustment, particularly at the prime level where British Land's holdings have been increasingly focused.

Leisure

The Group has in excess of 300 pubs within its joint venture with Scottish & Newcastle. Although at the time of writing the key issue of how to treat refurbishments carried out by the tenant is yet to be determined for rent review there have been several cases where settlements have been ahead of expectations. Those which have failed to produce large increases nonetheless have the benefit of long leases to a blue chip covenant. There are opportunities to exploit residual values within this portfolio and a number are of a lot size that would also appeal to private individuals.

Within the main fund the most prominent leisure holding is the Swiss Centre, Leicester Square. Although the risk of leisure investment is demonstrated by the recent failure of the Planet Hollywood business, the building's main leisure tenant, the Swiss Centre is a prime location and we are confident that alternative leisure operators will always have a requirement for this location. There are also opportunities to add value by redevelopment.

Department stores

There are several within main fund portfolios together with some 15 stores held within a joint venture on a sale and leaseback basis with House of Fraser. These are markets where rents have historically been low but they represent sizeable amounts of real estate in town centre locations which could long term be considered for alternative uses. One example is the Rackhams Department Store in Birmingham where although immediate rental growth is hard to obtain due to a lack of direct comparables it occupies a substantial site in the centre of a part of the city undergoing significant regeneration. The capital value per sq ft represented by its current value is a very small proportion of its potential end development value for offices.

Supermarkets


The largest single concentration of investment in this sector lies within British Land. All are let on long leases to either Tesco, J Sainsbury or Somerfield and all have in the order of 25 years unexpired. This is another sector where because rents have remained low for so long there is scope for growth in terms of operators' ability to pay and catching up with other out of town rents such as retail warehouses. One example of this is the letting to Asda of a unit within British Lands' Beehive Centre, Cambridge, held within a joint venture. The base rent is about £18 per square foot. In addition, a substantial premium was paid which can be devalued to show an overall rent in excess of £22 per square foot. The properties are also attractive as investments on account of their significant reversionary/land values which underpin the immediate benefit of long unexpired terms to good covenants. In most cases the sites enjoy unrestricted A1 planning. Given the current planning regime there are further active management opportunities as operators are increasingly frequently seeking to extend and improve their existing premises.

Disclaimers

This valuation is provided for the stated purposes and is for the use only of those to whom it is addressed. No responsibility is accepted to any other party.

No part of this certificate may be reproduced, or reference made to it, without our prior written approval. Furthermore, no reference may be made to the certificate in any other publication without our written approval.

Yours faithfully



Weatherall Green & Smith

Norfolk House, 31 St James's Square, London SW1Y 4JR.
17 May 2000

THE ENVIRONMENT

Introduction

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

Property acquisition

Before acquiring property, the Company ensures that environmental risks are controlled by using qualified external professional consultants to assess sites. Attention is given to environmental issues, and sensitive sites acquired are only developed with regard to mitigating measures.

Property development

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 requires 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 material contribute to good environmental performance.

Property management

Existing properties are managed in order to achieve a low environmental impact. This involves efficient maintenance procedures, and regular repairs and improvements. Energy consumption is monitored by the Company's managing agents, as is the use of hazardous materials and materials with significant environmental impact. Recycling paper, cardboard and other waste material is encouraged. Hazardous materials revealed by inspection are removed and disposed of in accordance with the relevant regulations and requirements of duty of care.

Picture box

Education and control

The Company encourages the education and training of its employees, agents and consultants on environmental issues. An Environmental Committee chaired by a Director of the Company monitors the Company's environmental responsibilities and controls. Members of the committee include the Company's Head of Planning and Environment and its Environmental Officer.

Environmental checklist

The Company has established an Environmental Checklist of matters to be considered by the Company and its contractors and advisers in connection with the acquisition, development and management of its properties. This Checklist is distributed to all the Company's staff and to established contractors and advisers, as well as new contractors and advisers on or prior to their appointment. It includes appendices containing issues to be addressed in environmental audits, and action lists for designers, contractors and managing agents.

All animals are equal but some are undeniably more appealing than others. Things may have moved on since the chimpanzees' tea parties of the 1950s but many creatures seem to have a natural capacity to entertain.

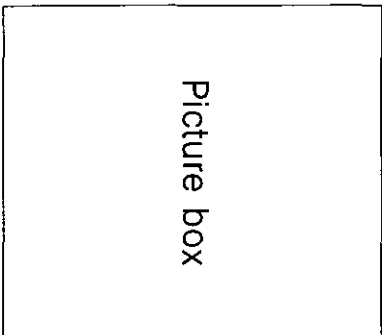
Recent activities

The Company's commitment to the environment is exemplified by reference to the following environmental initiatives in its recently completed developments at 1 & 4 Trion Square, Regent's Place, London NW1, at Watling House, London EC4, and at planned developments:

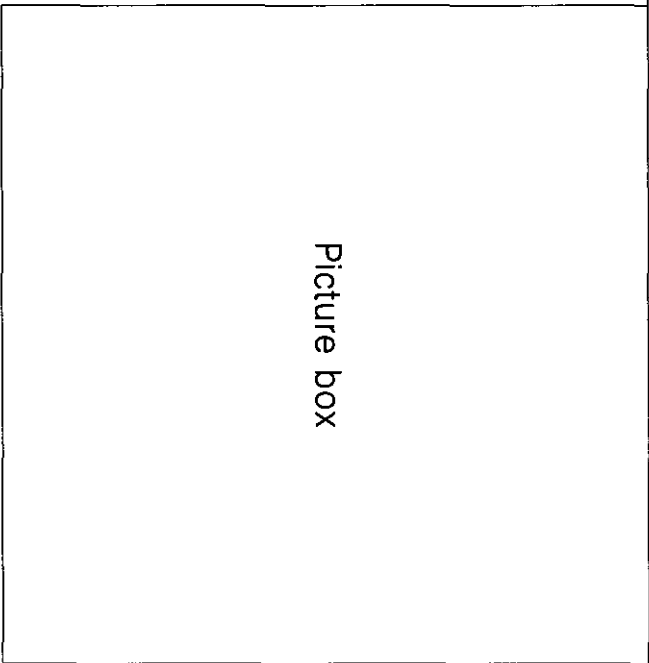
- Incorporating low Nox boilers to reduce carbon dioxide emissions;
- Maximising natural fresh air cooling and incorporating ventilated external facades, to reduce energy consumption and resultant carbon dioxide emissions;
- Including zero ozone depletion refrigerant in the building services systems;
- Adopting a renewable materials policy and avoiding the use of tropical hardwoods;
- Ensuring intelligent building design that maximises energy efficiencies;
- Planning for the promotion of a choice of means of transport, including provision of new cycle facilities and pedestrian routes, and improvements to public transport.

At the major office complex at Broadgate, a utility monitoring and targeting programme has been implemented, lighting systems have been upgraded to improve energy efficiency and lighting levels, and Power Factor correction equipment and water saving devices have been installed.

At the Meadowhall Shopping Centre, a proactive waste management policy is in place, energy saving lamps have been installed and power use reduced, use of public transport is encouraged, and noise levels are monitored to ensure that tenants and customers are not adversely affected.



Picture box



Community involvement

The Company is an active participant in a number of local community partnerships, most notably the West Euston Partnership where it has provided premises for a One Stop Shop and is part-funding a full-time Economic Development Office post, working with our tenants at Regent's Place and other local businesses to promote opportunities for local people. Other projects that are supported include facilities for elderly people and projects to improve the local environment immediately surrounding a number of the Company's major property assets.

Safari holidays are all very well but encountering a camel in the middle of a Bedfordshire field has a certain surrealist edge. Are we looking at them or are they looking at us?

Two's company? Most parrots mate for life, but clearance of the world's rainforests is having a disastrous effect on population figures. London Zoo's breeding programmes are important to the conservation of these beautiful, intelligent creatures

Picture box

DIRECTORS AND OFFICERS

The British Land Company PLC

John Ritblat F.R.I.C.S. CHAIRMAN AND MANAGING DIRECTOR
John Ritblat became Managing Director of Union Property Holdings (London) Ltd in August, 1989 and became Chairman and Managing Director of The British Land Company in 1971 following its merger with Union. He is a founding Chairman of Colliers Conard Ritblat Edman. He is Chairman and Chief Executive of The British Land Corporation Limited. Aged 64 years.

Cyril Melliss F.C.A.

Cyril Melliss was appointed an executive Director 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, before becoming a Director of the Company. He is Executive Vice-Chairman of The British Land Corporation Limited and Chairman of British Land Properties Limited. Aged 78 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 an executive Director in January, 1973. Previously he was Joint General Manager of the Abbey National Building Society. He is Managing Director of The British Land Corporation Limited and Chairman of both British Land Financing Limited and British Land Developments Limited. Aged 68 years.

Peter Simon B.Sc., Ph.D., A.C.I.L.

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, Remuneration and Nomination Committees. Aged 70 years. He is retiring at the 2000 Annual General Meeting.

Nicholas Ritblat M.A.

Nicholas Ritblat joined The British Land Company in September, 1987 and was appointed an executive Director in September, 1991. He previously worked for S.G. Warburg & Co. Ltd's corporate and international finance divisions. He is Deputy Chairman of British Land Financing Limited. Aged 38 years.

* Member of the Remuneration Committee * Member of the Audit Committee
* Member of the Nomination Committee

The British Land Corporation Limited

The principal management and operating company of the Group. John Ritblat is Chairman and Chief Executive, Cyril Melliss is Executive Vice-Chairman and John Weston Smith is Managing Director. In addition the Board comprises the other executive directors of The British Land Company PLC and the following:

I. N. Geoffrey Selwyn B.Com. (Acc.), F.C.A., F.T.I. joined The British Land Company in 1970 following its merger with Union Property Holdings (London) Ltd. He is Head of Tax Planning. Aged 59 years.

Michael I. Giverson F.R.I.C.S., I.A.R.V. joined The British Land Company in March 1975 and is the Chief Surveyor. Aged 56 years.

Stuart Slack F.C.A. joined The British Land Company in August 1971. In 1992 he was appointed Group Treasurer. Aged 54 years.

John H. Iddle B.Sc. (Est. Man.), F.R.I.C.S. joined The British Land Company in November 1994 and is the Deputy Chief Surveyor. Aged 54 years.

Anthony Balne LL.B., F.C.I.S. joined The British Land Company in October 1987 as Assistant Secretary. He was appointed Group Secretary in March 1995. Aged 43 years.

Lucinda M. Ball M.A., A.C.A. joined The British Land Company in December 1991. She was appointed Head of Tax Administration in May 1999. Aged 35 years.

Christopher M. J. Forshaw F.C.A. joined The British Land Company in December 1994. His responsibilities include internal control compliance and assessing property acquisitions. Aged 50 years.

Peter C. Clarke F.C.I.S. Secretary joined The British Land Company in March 1989. He was appointed Assistant Secretary in April 1991. Aged 54 years.

Stephen G. Spooner B.Sc., F.R.I.C.S. joined The British Land Company in May 1988 as an Estates Surveyor. Aged 42 years.

Nevyn G. Raichure F.C.C.A. joined The British Land Company in July 1975 and is the Group Accountant. Aged 51 years.

Anthony W. Adams joined The British Land Company in June 1982 and is the Group Management Accountant. Aged 47 years.

Peter Earl B.Sc. joined The British Land Company in May 1989 and is Head of Information Technology. Aged 39 years.

Sarah M. Barryckl M.A. joined The British Land Company in April 1998 and is a Corporate Services Executive. Aged 41 years.

Adrian P. Partridge B.A. (Hons.), M.A. (Ed.), joined The British Land Company in November 1996 and is Head of Planning and Environment. Aged 48 years.

Secretary
Anthony Balne LL.B., F.C.I.S.

Picture box

Before minor surgery, you must first catch your cheetah. These big cats are the fastest land mammals on Earth, reaching 60mph almost as quickly as a Ferrari. The Zoo has a fully equipped veterinary hospital and carries out much important research into the treatment and prevention of illness.

Picture box

GROUP EXECUTIVE AND ADVISERS

British Land Financing Limited

Responsible for the financing activities of the Group, John Weston Smith is Chairman and Nicholas Ribhat is Deputy Chairman. In addition the Board comprises the other executive directors of The British Land Company PLC and the following:

I. N. Geoffrey Selwyn B.Com. (Acc), FCA, F.T.I.L.
 Stuart Shack FCA
 Anthony Blaine LL.B. F.C.I.S.
 Lucinda M. Bell M.A., A.C.A.
 Christopher M. J. Forshaw FCA
 Peter C. Clarke F.C.I.S., Secretary
 Nairn G. Raichura F.C.C.A.
 Anthony W. Adams.
 Peter Earl B.Sc.
 Sarah M. Barzycki M.A.
 Daniel M. Jones M.A.I.T., A.C.A. Aged 30 years.
 Mike Jubb B.Sc., Ph.D., C.Stat. Aged 36 years.
 Graham Lee B.Sc., FCA, A.T.I.L. Aged 50 years.
 Jonathan C. Payne Aged 37 years.
 Claire N. Preston B.A. (Econ.), A.C.A. Aged 34 years.

British Land Properties Limited

Responsible for the management of the property assets and estates of the Group, Cyril Meliss is Chairman and Robert Bowden is Deputy Chairman. In addition the Board comprises the other executive directors of The British Land Company PLC and the following:

Michael I. Gunston F.R.I.C.S., I.R.R.V.
 John H. Ididols B.Sc.(Econ. Man), F.R.I.C.S.
 Peter C. Clarke F.C.I.S., Secretary
 Stephen G. Spooner B.Sc., F.R.I.C.S.
 B. Desmond Morris B.Sc.(Hons), F.R.I.C.S. Aged 46 years.
 Steven J. Rickard B.Sc., A.R.I.C.S. Aged 39 years.
 Bryan J. Lewis B.Sc., M.Phil., A.R.I.C.S. Aged 33 years.
 Nicholas K. Bates B.Sc., A.R.I.C.S. Aged 37 years.
 Timothy Roberts B.Sc., A.R.I.C.S. Aged 36 years.
 Barry C. Winfield B.Sc. Eng. Aged 51 years.
 Christopher G. Betts B.Sc., A.R.I.C.S. Aged 34 years.
 Fiona J. Bowring B.Sc.(Hons), A.R.I.C.S. Aged 29 years.

British Land Developments Limited

Responsible for the management of the development activities of the Group, John Weston Smith is Chairman and Shen Adam is Deputy Chairman. In addition the Board comprises the other executive directors of The British Land Company PLC and the following:

Michael I. Gunston F.R.I.C.S., I.R.R.V.
 Adrian P. Pentold B.A.(Hons), M.A.(P.L.)
 Mark T. Wright B.Sc., A.R.I.C.S. Aged 38 years.
 Nigel M. Webb B.Sc.(Hons), A.R.I.C.S. Aged 36 years.
 Paul Burgess Aged 43 years.
 John P. Heyman A.R.I.C.S. Aged 62 years.
 David W. Deuchars Aged 48 years.
 Secretary
 Peter C. Clarke F.C.I.S.

Head Office Executive

Hadyn Beazer B.A.(Hons.), A.C.A., Financial Accountant, Aged 31 years.
 Andrew Berman B.Sc.(Hons), A.C.A., Financial Accountant, Aged 32 years.
 P. Anthony E. Bull Construction Executive, Aged 48 years.
 Ian Davies B.Sc., Land Programmer, Aged 33 years.
 Bernadette M. Drinkwater M.Sc., M.I.P.M., Dip.
 Group Payroll Manager, Aged 43 years.
 Simeon M. Fox M.A., Database Administrator, Aged 43 years.
 Peter Saint Bernard Property Management Accountant, Aged 34 years.
 Amanda J. Rushon B.Sc.(Econ.), A.C.A.,
 Corporate Finance Analyst, Aged 28 years.
 Rebecca J. Scudamore B.A., Secretarial Assistant, Aged 27 years.
 Stella A. Spance B.A., A.C.I.S., Administration Manager, Aged 45 years.
 Tim Wells M.B.A., A.R.I.C.S., Development Surveyor, Aged 36 years.

Broadgate Estates Limited

Responsible for on-site building and estate management of City properties for the Group and third parties. The Board, chaired by Shen Adam, also comprises the following:

Barry C. Winfield B.Sc. Eng., Managing Director
 Michael I. Gunston F.R.I.C.S., I.R.R.V.
 John H. Ididols B.Sc.(Econ. Man), F.R.I.C.S.
 Anthony W. Adams.
 Robert L. Fisher B.Sc., M.I.E.E. Aged 36 years.
 Robert S. Flood M.Sc., M.B.A., F.C.C.A. Aged 52 years.
 John Sutherland F.C.I.B.S.E., M.B.F.I.M. Aged 66 years.
 Elaine Frazer Aged 41 years.
 Neill F. Macdaine I.C.C.I.B. Aged 36 years.
 Secretary
 Peter C. Clarke F.C.I.S.

Overseas

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 Telephone (3120) 642 9848
 Fax (3120) 644 2806
 Blam Linnartz Joint Managing Director
 Pauli Colligan FCA, FCMA, Joint Managing Director
 Aend J. van der Mareel Joint Managing Director
 Fimount Limited
 6 Fitzwilliam Place
 Dublin 2, Ireland
 Telephone (3531) 676 8666
 Fax (3531) 676 8699
 Paul Colligan FCA, FCMA, Managing Director

Principal bankers

The Royal Bank of Scotland plc
 UBS AG
 Barclays Bank PLC
 Lloyds TSB Bank plc
 Bayerische Landesbank
 The Bank of Tokyo - Mitsubishi, Ltd.

Stockbrokers

UBS Warburg
 1 Finsbury Avenue
 London EC2M 2PA

Picture box

REPORT OF THE DIRECTORS

for the year ended 31 March 2000

The directors submit their Report and Accounts for the year ended 31 March 2000.

Results and dividends

The results for the year are set out in the Consolidated Profit and Loss Account on page 50.

The directors recommend the payment of a final dividend of 7.5p per share payable on 25 August 2000 to Ordinary Shareholders on the register at the close of business on 14 July 2000.

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 the Operating and Financial Review on pages 4 to 22.

Properties

Changes in properties during the year and details of property valuations at 31 March 2000 are shown in Note 9 to the financial statements on page 58.

Purchase of own shares

The Company was granted authority at the Annual General Meeting in 1999 to purchase its own shares up to a total aggregate value of 10 per cent of the issued nominal capital. That authority expires at this year's Annual General Meeting and a resolution will be proposed for its renewal.

Even in the best establishments, the *plat du jour* may fail to tempt the discerning diner. The logistics of providing daily meals for 12,000 animals – many of them requiring special diets – call for tremendous organisational skills. Most food is bought in bulk from markets at Billingsgate and Nine Elms. The staff usually bring sandwiches.

Share and loan capital

The issued share capital has been increased since 1 April 1999 by fully paid issues as follows:

	No. of Ordinary Shares of 25p
15 September 1999	20,000
On exercise of options under the 1984 Share Option Scheme	

Substantial interests

As at 30 May 2000 the Company had been notified of the following major interests in its issued ordinary share capital, disclosed to it in accordance with Sections 198 to 208 of the Companies Act 1985:

	No. of shares issued (m)	% of issued capital
Schroder Investment Management Ltd.	72.5	14.0
RMH Corporation	16.8	3.3

Reappointment of Directors

The directors listed on page 37, other than Mr. R. W. A. Swannell who was appointed on 9 August 1999, and Mr. D. A. Higgs and Lord Burns, who will be appointed immediately following the 2000 Annual General Meeting, constituted the Board throughout the year. Mr. J. R. Reynolds was a director until his death in June 1999 and Mr. S. L. Kalman was also a director until his retirement in July 1999.

Mr. J. H. Weston Smith retires by rotation at the Annual General Meeting and is eligible for re-election. Mr. R. W. A. Swannell 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. Neither of these directors has a service contract with the Company. Mr. P. W. Simon is retiring at the 2000 Annual General Meeting and is not seeking re-election.

Directors' interests in contracts

Except as stated in Note 23 on page 68, no contract existed 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. 85,793 Ordinary Shares were allocated to 140 participants in August 1999. 9,192 of these shares were allocated to the executive directors and are included in the total number of shares in which the directors have a beneficial interest shown in Note 3 on page 56.

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 three or five year period. Options are held by 126 employees and directors to purchase a total of 354,608 fully paid Ordinary Shares at prices of 323p, 347p, 355p, 438p, 481p and 544p per share, and normally exercisable during certain six month periods between 1 March 2001 and 31 July 2005. The options held by directors under this scheme are shown in Note 3 on page 57.

Share option scheme

Options are held by 27 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 1,579,548 fully paid Ordinary Shares at between 144p and 394p per share and exercisable between 10 April 1995 and 22 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 30 May 2000, options over 2,681,220 shares had been exercised by the above mentioned employees and directors. The options held by directors under this scheme are shown in Note 3 on page 56.

Restricted share plan

The Company's Restricted Share Plan, which was approved by shareholders

Picture box

at the Annual General Meeting in 1997, provides interests in the shares of the Company to executives and executive directors.

Executives and executive directors of the Company have been granted rights over £3,145,000 nominal of the 6% Irredeemable Convertible Bonds and over 478,588 Ordinary Shares of the Company. The Bonds and Shares vest not earlier than three years after grant and only on attainment of a performance target, settled on advice from Bacon & Woodrow, consulting actuaries, following consultation with the National Association of Pension Funds and the Association of British Insurers. Participants are entitled to receive interest on their Bonds and dividends on their Shares from the date of grant until vesting. The interests of directors under this scheme are shown in Note 3 on page 57.

Employment policy

The Group places emphasis on employee involvement and keeps employees informed through formal and informal briefings. The Company has a well

Despite anti-poaching measures, numbers of rhinoceros in the wild have fallen by up to 90% in the last twenty years. As well as breeding rhinos, the Zoo also supports the animals in their natural habitat - formula milk developed for Zoo animals is given to orphan rhinos in Kenya.

established employee share scheme and a Sharesave scheme which extends the benefit of employee share options more widely. These schemes are described above.

There were no major changes in the Group's pension schemes during the year. In the United Kingdom separate pension fund reports are made available to members.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Charitable donations

£89,933 was donated during the year. No contributions were made for political purposes.

Auditors

Resolutions concerning Arthur Andersen's reappointment and remuneration will be proposed at the Annual General Meeting.

Year 2000

The directors of the Company confirm that the programme, described in the Annual Report and Accounts for the year ended 31 March 1999, in relation to the Year 2000 issue was successfully completed prior to 31 December 1999 and the Group has not experienced any difficulties to date. The financial costs of the programme were not significant to the Group.

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. As at 31 March 2000, there were 24 (1999 - 31) suppliers' days outstanding.

Picture box

Window on the world? Many visitors to Whipsnade are surprised by the sheer size of a kangaroo - an adult male stands as tall as a man, though the females are smaller. With their powerful hind legs, they can clear a six-foot fence with ease.

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.

This report was approved by the Board on 30 May 2000.


Anthony Braine
Secretary



CORPORATE GOVERNANCE

Statement of compliance with the Code of Best Practice

The Company has complied throughout the year with the Provisions of the Code of Best Practice set out in section 1 of the Combined Code except that the Company does not at present have as an objective the reduction of directors' service contracts to one year (see Remuneration Report). Following the death of Mr. J. R. Reynolds in June 1999, until the appointment of Mr. R. W. A. Swannell in August 1999 there were only two non-executive directors.

Board effectiveness

The directors listed on page 37, other than Mr. R. W. A. Swannell, who was appointed on 9 August 1999, and Mr. D. A. Higgs and Lord Burns who will be appointed immediately following the 2000 Annual General Meeting, constituted the Board throughout the year. Mr. J. R. Reynolds was a director until his death in June 1999 and Mr. S. L. Kalman was also a director until his retirement in July 1999. The Board has a regular schedule of meetings together with further meetings as required by the ongoing business of the Company. There is a formal schedule of matters reserved for Board decision.

In spite of its asset size, the Company has a head office team of directors, officers and staff numbering in all only 123 individuals, so it is not a large organisation. At the operational level the senior management of The British Land Corporation Limited involves, in addition to the Chairman, an Executive Vice Chairman and a Managing Director. The Audit and Remuneration Committees were entirely composed of independent non-executive directors. The Nomination Committee, which is responsible for making recommendations to the Board on all new Board appointments, consists of Mr. P. W. Simon, Mr. M. J. Cassidy and Mr. R. W. A. Swannell, together with Mr. J. H. Ritblat and Mr. J. H. Weston Smith. Mr. P. W. Simon is the senior non-executive director and is chairman of all three committees.

The Board believes that it is appropriate and in the shareholders' best interests, as demonstrated by sustained performance over an extensive period of years, for the offices of Chairman and Managing Director to be combined in the person of Mr. John Ritblat. In an entrepreneurial property company, strategy and the implementation of significant transactions, are closely linked. Examples are the food superstore leasebacks, the acquisitions of Broadgate and of Meadowhall, the creation of £2.5 billion of joint ventures and the innovative £1.54 billion Broadgate securitisation.

The Articles of Association of the Company require one third of the Board of directors to retire each year.

Remuneration policy

Details of the Group remuneration policy are set out in the Remuneration Report on pages 46 to 47.

Relations with Shareholders

The Board of directors meets institutional shareholders and analysts to discuss objectives both on one to one and group bases.

The Annual General Meeting not only deals with the formal business of the Company but provides shareholders with the opportunity to hear and question the Chairman's views on the business and an explanation of the Group's performance over the last year in detail.

The Annual and Interim Reports are drafted to present balanced and understandable assessments of the Company's position and prospects.

Internal control

The directors are responsible for the maintenance by the Group of a sound system of internal control. The Group maintains a system of internal controls, including monitoring procedures, in order to provide reasonable but not absolute assurance of the maintenance of proper accounting records, the reliability of the financial information used within the business and for publication, effective and efficient operations and compliance with laws and regulations.

The Combined Code requires directors to review and report to shareholders on the Group's system of internal control. The Board continues to report on internal financial control for the year ended 31 March 2000 in line with the transitional arrangements issued by the London Stock Exchange for the implementation of the guidance issued by the Turnbull Committee in September 1999.

The directors have reviewed the effectiveness of the Group's systems of internal financial controls. The key features of the internal financial control system that operated throughout the period covered by the accounts are described below:

Control environment

The management of each key risk has been delegated by the Board to executive directors and senior executives within the Group. The executive Directors have close involvement with the day-to-day operational matters of the Group.

- In addition to the main Board of Directors, there are operational boards which are responsible for specific areas of the Group's activities. These include:
- group management and operations;
 - financing activities;
 - management of property assets; and
 - management of development activities.

Identification and evaluation of business risks and control objectives

The Group has undertaken a comprehensive risk assessment, involving analysis and management of the key risks to the Group. The Board and the operational boards consider the risk implications of business decisions. These include matters such as new treasury products and major transactions.

Information systems

- The Group has the following key information systems which generate reports as follows:
- a management reporting system which includes regular working capital reports and forecasts;
 - regular reporting to the Board on property purchases, sales and portfolio management; and
 - regular reporting to the Board on financial and treasury matters.

Control procedures

- The Group's financial control procedures include the following:
- control of expenditure and progress on development projects;
 - benchmarking of property performance;
 - a detailed authorisation process which ensures that no commitments are entered into without competent and proper authorisation by more than one approved executive; and
 - a defined schedule of matters reserved for decision by the Board.

Monitoring

The Audit Committee and the Board meet regularly throughout the year and have reviewed the Group's internal financial controls and the possibility of a need for an internal audit function.

The Board supports the objectives of the guidance on internal financial control issued by the Turnbull Committee. The Group has reviewed its procedures to ensure that it can comply with the guidance for the year ending 31 March 2001 and will report in accordance with the Turnbull guidance in the next annual report.

Going concern

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 Group 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.

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 those financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
 - make judgements and estimates that are reasonable and prudent;
 - state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
 - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.
- 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 Group's system of internal controls, which is designed to meet the Group's particular needs and the risks to which it is exposed.

REMUNERATION REPORT

The Remuneration Committee

The Remuneration Committee during the year consisted entirely of non-executive directors: Mr. Peter Simon (Chairman of the Committee), Mr. Michael Cassidy and Mr. Robert Swannell. The Committee provides advice and recommendations to the Board on overall remuneration policy and determines, on behalf of the Board, the remuneration packages of individual executive directors. On matters other than those concerning him, the Chairman of the Company may be invited to Committee meetings. The Committee has access to professional advice from appropriate internal and external sources.

The Committee is constituted in accordance with Schedule A and has given full consideration to Schedule B of the Combined Code best practice provisions annexed to the Listing Rules of the UK Listing Authority.

Remuneration policy

The Company's Executive Remuneration Policy is tailored to support the strategic objective of delivering long-term value to its shareholders. The individual elements of remuneration are balanced to encourage the creativity and innovation appropriate for a large property company and to enable the Company to recruit and retain key individuals and align their rewards with the interests of shareholders.

Basic salary

Basic salary levels for executive directors are reviewed annually by the Committee, taking into account individual responsibility, experience and performance as well as the market-place for similar positions in comparable companies.

Picture box

Picture box

Annual cash bonus

The annual cash bonus is designed to encourage executive directors to achieve the highest level of annual corporate performance. Awards are not contractual and are paid on the basis of the individual's contribution during the preceding year as well as individual and team performance. No bonus awards are pensionable.

Long-term incentives

The Company believes that plans which facilitate share ownership by executive directors and senior executives strengthen the links between individual and shareholder interests. In order to provide a flexible and competitive package, the Company operates both an Executive Share Option Scheme and a Restricted Share Plan. The two plans have been approved by shareholders in general meeting and awards are made with regard to the Combined Code's comments on spreading grants. Awards will not be made under the plans concurrently.

Throughout the animal kingdom, enormous significance is attached to markings and body language. We hope the ocelot-tur coat is a take ...

Under the Executive Share Option Scheme, market value options are granted at the discretion of the Committee. Options may become exercisable after three years (or five years in certain cases), dependent on performance targets being met. Under the Restricted Share Plan executives and directors are granted provisional interests in securities of the Company that vest according to performance against targets.

Both the Executive Share Option Scheme and the Restricted Share Plan, require the achievement of performance targets that compare the growth in the Company's net asset value against the Capital Growth Index of the Investment Property Databank. The Committee reviews these performance conditions on a regular basis to ensure that they are both sufficiently stretching and that they remain relevant to the Company's strategic objectives.

The Company has, in addition, a well established Employee Share Scheme, founded pursuant to the Finance Act 1978 as amended, and a Sharesave Scheme that extends the benefit of employee share options. Directors are eligible to participate in both these schemes.

No long-term incentive award is pensionable.

Remuneration of non-executive directors

The fees for non-executive directors are reviewed annually by the Board after considering recommendations by the executive directors. Non-executive directors are not eligible for bonus, long-term incentives or pension entitlements.

Contracts of service

The only directors whose service contracts provide for notice periods in excess of one year are Messrs. N. S. J. Ritbat and R. E. Bowden, who voluntarily, without compensation, reduced their rolling service contracts from three years to two years. Individuals of the necessary calibre in the property, investment banking and similar areas are in short supply and highly sought after. It is considered in the best interest of shareholders to retain these service commitments for these key executives.

Compensation payments on early termination

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

We may recall from the overt symbols of captivity, but without the work of institutions such as London Zoo and Whipsnade Wild Animal Park, many creatures would unquestionably be extinct.

Picture box

Pensions

The Company sponsors a tax approved non-contributory defined benefit pension scheme. The scheme generally aims to provide executives with at least 20 years service to age 60 with a pension at that age of two-thirds of basic salary, less the single person's basic state pension.

Directors' emoluments

Full details of directors' emoluments are contained within Note 3 to the financial statements on pages 55 to 58.

This report was approved by the Board on 30 May 2000.



Peter Simon
Chairman of the Remuneration Committee

Perhaps the greatest contribution that London Zoo can make to our lives is to help us recognise and respect the otherness of animals – and also to encourage us to see their essential similarities.

Picture box

REPORT OF THE AUDITORS

Report of the Auditors to the Shareholders of The British Land Company PLC

We have audited the accounts on pages 50 to 68 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 54.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report including, as described on page 45, preparing the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company and the group is not disclosed.

We review whether the corporate governance statement on page 44 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

Basis of audit opinion

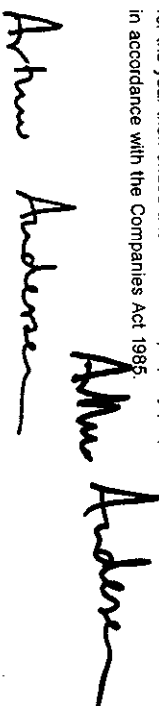
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis,

of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company and of the group, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 March 2000 and of the group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors
1 Surrey Street, London, WC2R 2PS
30 May 2000

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2000

	2000			1999		
	Revenue £m	Capital £m	Total £m	Revenue £m	Capital £m	Total £m
Gross rental income (including £34.8m from Meadowhall Shopping Centre)	443.7		443.7	375.6		375.6
Less share of joint ventures	(75.4)		(75.4)	(63.7)		(63.7)
Gross rental income - Group	368.3		368.3	311.9		311.9
Operating profit (including £25.9m from Meadowhall Shopping Centre)	367.1		367.1	290.9		290.9
Share of operating profits of joint ventures	68.9		68.9	64.5		64.5
Disposal of fixed assets (including £2.9m from joint ventures, 899 - £2.4m)		3.3	3.3		0.8	0.8
Profit on ordinary activities before interest	436.0	3.3	439.3	355.4	0.8	356.2
Net interest payable	(282.9)		(282.9)	(232.9)		(232.9)
Exceptional item					(68.0)	(68.0)
Profit on ordinary activities before taxation	153.1	3.3	156.4	122.5	(67.2)	55.3
Taxation	(26.7)	(0.9)	(27.6)	(15.7)	13.1	(2.6)
Profit on ordinary activities after taxation	126.4	2.4	128.8	106.8	(54.1)	52.7
Minority interest	(0.1)		(0.1)	(0.5)		(0.5)
Profit for the financial year	126.3	2.4	128.7	106.3	(54.1)	52.2
Ordinary dividends	(56.5)		(56.5)	(53.4)		(53.4)
Retained profit (loss) for the year	69.8	2.4	72.2	52.9	(54.1)	(1.2)
Basic and diluted pre exceptional earnings per share	24.4p	0.4p	24.8p	20.6p		20.6p
Basic and diluted earnings per share	24.4p	0.4p	24.8p	20.6p	(10.5)p	10.1p
Dividend per share	10.9p		10.9p	10.3p		10.3p

BALANCE SHEETS

as at 31 March 2000

	Parent		Note	Group	
	2000 £m	1999 £m		2000 £m	1999 £m
Fixed assets					
Investment properties	199.8	120.2	9	6,777.8	5,289.5
Investments in joint ventures			10	1,219.3	1,046.8
Share of gross assets			10	(648.5)	(451.6)
Share of gross liabilities			10	570.8	595.2
Other investments	199.8	120.2	10	150.4	101.8
	8,096.1	6,695.0	11	7,499.0	5,986.5
	8,295.9	6,815.2			
Current assets					
Trading properties	43.6	2,062.3	9	69.0	147.8
Debtors	54.1	105.1	12	41.8	33.1
Cash and deposits	97.7	2,167.4	15	118.4	120.2
Total current assets	(4,536.6)	(4,673.0)	13	229.2	301.1
Creditors due within one year	3,857.0	4,309.6		(566.0)	(435.7)
Net current liabilities	(4,438.9)	(2,505.6)		(336.8)	(134.6)
Total assets less current liabilities	(1,670.0)	(2,148.8)	14	7,162.2	5,851.9
Creditors due after one year	(463.2)	(462.4)	14	(3,249.4)	(2,271.7)
Convertible bonds	1,723.8	1,698.4	15	(463.2)	(462.4)
				3,449.6	3,117.8
Capital and reserves					
Called up share capital	129.5	129.5	18	129.5	129.5
Share premium	1,104.6	1,104.5	20	1,104.6	1,104.5
Other reserves	1.0	1.6	20	(1.2)	(7.9)
Revaluation reserve	99.5	83.7	20	1,619.0	1,369.0
Profit and loss account	389.2	379.1	20	597.7	522.7
Shareholders' funds	1,723.8	1,698.4		3,449.6	3,117.8
Net Asset Value per share			18	694p	630p
<small>(The NAV per share includes the external valuation surplus on development and trading properties)</small>					

John Ritblat

John Weston Smith

John Ritblat
John Weston Smith
Directors
Approved by the Board on 30 May 2000

OTHER PRIMARY STATEMENTS

for the year ended 31 March 2000

	2000 £m	1999 £m
Total recognised gains and losses	128.7	52.2
Profit for the financial year	220.9	133.1
Unrealised surplus on revaluation:	37.7	34.1
– investment properties	1.3	4.5
– joint ventures	258.9	172.5
– other investments	(0.4)	1.0
– attributable to minority interest	398.2	225.7
Exchange movements on net investments	2000 £m	1999 £m
Total recognised gains and losses	158.4	55.3
Historical cost profits and losses	3.3	76.6
Profit on ordinary activities before taxation	158.7	131.9
Realisation of prior year revaluations	75.5	75.4
Historical cost profit on ordinary activities before taxation		
Historical cost profit for the year retained after taxation, minority interest and dividends		
Reconciliation of movements in shareholders' funds (excluding valuation surplus on development and trading properties)		
Profit for the financial year	128.7	52.2
Ordinary dividends	(56.5)	(53.4)
Retained profit (loss) for the year	72.2	(1.2)
Revaluation of investment properties and investments (net of minority interest)	258.9	172.5
Exchange movements on net investments	(0.4)	1.0
Shares issued	331.7	172.3
Increase in shareholders' funds	0.1	13.4
Opening shareholders' funds	331.8	185.7
Closing shareholders' funds	3,448.6	2,932.1
	3,117.8	3,117.8

GROUP CASH FLOW STATEMENT

for the year ended 31 March 2000

	2000 £m	1999 £m
Net cash inflow from operating activities	432.2	345.1
Dividends received from joint ventures	4.2	4.2
Returns on investments and servicing of finance		
Interest received	38.2	19.0
Interest paid (including derivative close out costs)	(302.2)	(211.7)
Interest paid on finance leases	(17.9)	(17.9)
Dividends received	1.1	0.6
	<u>(290.7)</u>	<u>(192.1)</u>
Taxation received (paid)	0.3	(1.9)
Net cash inflow from operating activities and investments after finance charges and taxation	151.8	155.3
Capital expenditure and financial investment		
Purchase of investment properties and plant	(203.0)	(589.5)
Purchase of investments	(73.7)	(31.0)
Sale of investment properties and plant	116.3	219.9
Sale of investments	22.5	44.5
	<u>(137.9)</u>	<u>(356.1)</u>
Acquisitions and disposals		
Purchase of Meadowhall Shopping Centre	(705.0)	9.8
Cash at bank acquired with Meadowhall Shopping Centre	9.8	(231.5)
Purchase of other subsidiary companies	(10.7)	(125.6)
Investment in and loans to joint ventures	(95.7)	6.8
Sale of a subsidiary company	175.1	147.3
Sale of shares in and loans repaid by joint ventures	<u>(626.5)</u>	<u>(203.0)</u>
Equity dividends paid	(92.3)	(403.8)
Net cash outflow before management of liquid resources	(704.9)	(403.8)
Management of liquid resources		
(increase) decrease in term deposits	(25.7)	27.7
Financing		
Issue of ordinary shares	0.1	1,529.3
Issue of Broadgate securitised debt	(296.4)	(296.4)
Repayment of finance leases	(544.5)	410.7
(Decrease) increase in bank and other borrowings	698.5	410.7
	<u>(32.1)</u>	<u>34.6</u>

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NOTES TO THE FINANCIAL STATEMENTS

1 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.

Consolidation

The consolidated accounts include the accounts of the parent and all subsidiaries. Subsidiaries or joint ventures acquired or disposed of during the year are included from the date of acquisition or to the date of disposal and accounted for under the acquisition method. Accounting practices of subsidiaries and joint ventures 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.

Joint ventures and other investments

In accordance with FRS 9 joint ventures are included under the gross equity method. As a result the Group's balance sheet discloses the Group's share of the gross assets and gross liabilities of the joint ventures. The Group's share of joint venture operating profit, net interest payable and taxation are included at the relevant point in the Group profit and loss account.

Where the Group participates in a joint arrangement that is not an entity, it accounts for its own assets, liabilities and cash flows, measured according to the terms of the agreement governing the arrangement.

Other fixed asset investments are stated at market value when listed and at directors' valuation when unlisted. Any surplus or deficit arising on revaluation is taken to the revaluation reserve, unless a deficit is expected to be permanent, in which case it is charged to the profit and loss account.

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 transferred to revaluation reserve, unless a deficit is expected to be permanent, in which case it is charged to the profit and loss account. The profit on disposal is based on book value.

In accordance with Statement of Standard Accounting Practice 19 no amortisation or depreciation is provided in respect of freehold or long leasehold properties. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view. The financial effect of the departure from these rules cannot reasonably be quantified as depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified. Where properties held for investment are appropriated to trading stock, they are transferred at market value.

(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. If properties held for trading are appropriated to investment, they are transferred at book value.

(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 having regard to the development potential of the property. Interest is calculated on the development expenditure by reference to specific borrowings where relevant and otherwise on the average rate applicable to short-term loans.

A property ceases to be treated as a development on practical completion.

Debt instruments and interest rate derivatives

Debt instruments 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.

Amounts payable or receivable under interest rate derivatives are matched with the interest payable on the debt which the derivatives hedge. In the course of the Group's investment and financing activity underlying debt may be raised or redeemed such that an interest rate derivative becomes surplus. In these circumstances the derivative is marked to market or closed out. Any deficit/surplus arising is charged/credited to the profit and loss account.

Leased assets

Payments under finance leases are treated as consisting of capital and interest elements. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

On disposal of an investment property the element of tax relating to the Capital profit is charged to the profit and loss account and the element relating to earlier revaluation surpluses is included in the Statement of Total Recognised Gains and Losses.

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 to the extent that it is probable that a liability or asset will crystallise.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

The results of overseas operations are translated at the closing rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and on foreign currency borrowings, to the extent that they hedge the group's investment in such operations, are dealt with through reserves. All other exchange differences are included 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 average remaining working lives of employees who are scheme members.

2 Operating profit

	2000 £m	1999 £m
Gross rental income	368.3	311.9
Rents payable	(2.1)	(7.3)
Other property outgoings	(18.7)	(8.1)
Net rental income	347.5	296.5
Profit on property trading (see below)	41.0	13.7
Other income	5.3	5.0
Administrative expenses	(26.7)	(24.3)
Operating profit	367.1	290.9
Profit on property trading		
Sale proceeds	124.0	62.2
Cost of sales	(63.0)	(48.5)
Profit on property trading	41.0	13.7

In arriving at the operating profit the following items have been included:

Amortisation and depreciation	0.4	0.8
Auditors' remuneration for Audit services	0.7	0.7
Auditors' remuneration for other services	2.5	1.0

Turnover

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

3 Directors' emoluments and staff costs

Directors' emoluments for the year ended 31 March 2000

	Salary £	Annual Bonus £	Benefits £	2000 Total £	1999 Total £
J. H. Ribblat	576,500	250,000	12,254	838,754	786,741
C. Melliss	201,950	75,000	16,205	293,155	294,030
J. H. Weston Smith	275,500	75,000	21,128	371,628	345,895
P. W. Simon	25,000			25,000	25,000
S. L. Kalman	69,606		4,342	63,948	218,023
N. S. J. Ribblat	201,500	75,000	14,044	290,544	253,087
M. J. Cassidy	21,000			21,000	21,000
J. R. Reynolds	3,715			3,715	21,000
R. E. Bowden	201,500	30,000	16,945	248,445	222,181
S. Adam	178,500		20,612	197,112	183,077
R. W. A. Swannell	13,549			13,549	
D. C. Berry					102,636
	1,756,320	505,000	105,530	2,366,850	2,472,670

Staff costs (including Directors)

	2000 £m	1999 £m
Wages and salaries	13.0	10.8
Social security costs	1.6	1.0
Pension contributions	2.4	1.0
	19.0	12.8

Average number of employees of the Group during the year was 585 (1999 - 401) of which some 464 (1999 - 267) were employed directly at the Group's properties and their costs recharged to tenants.

3 Directors' emoluments and staff costs (continued)
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		Options over Ordinary Shares				Rights under Restricted Share Plan			
	31 March 1999*	31 March 2000	31 March 1999	31 March 2000	1984 Option Scheme	31 March 1999	31 March 2000	6% Irredeemable Convertible Bonds (£ nominal)	Ordinary Shares	12 1/4% Bonds 2016 (£ nominal)
J. H. Ribblat	2,299,492	2,301,014	4,753	4,753	295,783	295,783	996,000	996,000	100,000	
C. Mellis	106,517	108,072	4,753	4,753						
J. H. Weston Smith	82,946	84,478	4,753	4,753	150,283	150,283	389,000	389,000	50,000	
P. W. Simon	27,223	30,681								
N. S. J. Ribblat	6,726	33,210	4,295	4,295	59,201	59,201	262,000	262,000	60,000	
M. J. Cassidy		25,000								
R. E. Bowden	27,682	29,214	5,340	5,340	184,250	184,250	183,000	183,000	40,000	50,000
S. Adam	2,893	4,425	4,753	4,753			100,000	100,000	40,000	
R. W. A. Swannell		3,760								

* or date of appointment if after 31 March 1999.
 On 6 April 2000 Mr. N. S. J. Ribblat sold 1,839 ordinary shares and on the same day purchased 1,800 ordinary shares into an Individual Savings Account.
 On 2 May 2000 Mr. P. W. Simon purchased 148 ordinary shares pursuant to standing elections to reinvest dividends under Personal Equity Plans.

Directors' options and Restricted Share Plan interests by date of grant and exercise price
(i) 1984 Share Option Scheme
 Beneficial interests of the Directors under the Company's 1984 Share Option Scheme in Ordinary Shares of the Company:

Date Granted	Price p	First Exercise Date	Expiry Date	J. H. Ribblat		J. H. Weston Smith		N. S. J. Ribblat		R. E. Bowden	
				1 April 1999	31 March 2000	1 April 1999	31 March 2000	1 April 1999	31 March 2000	1 April 1999	31 March 2000
6.794	380	6.787	5.7.2004							60,600	60,600
6.794	322	6.788	5.7.2004							20,200	20,200
6.794	380	6.787	5.7.2004							29,200*	29,200*
23.196	384	23.139	22.1.2006	132,418	132,418	60,082	60,082	11,244	11,244	103,450	103,450
23.196	384	23.1.2001	22.1.2005	183,365	183,365	90,191	90,191	47,957	47,957	184,250	184,250
				295,783	295,783	150,283	150,283	59,201	59,201		

No options were granted to or exercised by directors during the year.
 *These options 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 these options 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 75p Shares of the Company at the close of Business on 31 March 2000 was 401p. The highest and lowest middle market quotations during the year to 31 March 2000 were 585.5p and 327p.

3 Directors' emoluments and staff costs (Continued)

(ii) Sharesave Scheme

Beneficial interests of the Directors under the Company's Sharesave Scheme in Ordinary Shares of the Company.

Date Granted	Price Paid	First Exercise Date	Expiry Date	J. H. Ribbalt		C. Melliss		J. H. Weston Smith		N. S. J. Ribbalt		R. E. Bowden		S. Adam	
				1 April 1999	31 March 2000	1 April 1999	31 March 2000	1 April 1999	31 March 2000	1 April 1999	31 March 2000	1 April 1999	31 March 2000	1 April 1999	31 March 2000
13.96	323	13.2001	31.8.2001							3,204	3,204	5,340	5,340		
13.99	355	13.2002	31.8.2002							1,091	1,091				
13.99	355	13.2004	31.8.2004	4,753	4,753	4,753	4,753	4,753	4,753			5,340	5,340	4,753	4,753

No options were granted to or were exercised by directors during the year.

(iii) Restricted Share Plan

Beneficial interests of the Directors under the Company's Restricted Share Plan in the 6% Irredeemable Convertible Bonds (£ nominal) and Ordinary Shares of the Company.

Date Granted	J. H. Ribbalt		J. H. Weston Smith		N. S. J. Ribbalt		R. E. Bowden		S. Adam	
	1 April 1999	31 March 2000	1 April 1999	31 March 2000	1 April 1999	31 March 2000	1 April 1999	31 March 2000	1 April 1999	31 March 2000
13.10.97	£786,000	£786,000	£269,000	£269,000	£187,000	£187,000	£118,000	£118,000	£40,000	£40,000
17.7.98	£200,000	£200,000	£100,000	£100,000	£75,000	£75,000	£65,000	£65,000	£60,000	£60,000
	£986,000	£986,000	£369,000	£369,000	£262,000	£262,000	£183,000	£183,000	£100,000	£100,000
Ordinary Shares										
Date Granted										
13.99	100,000	100,000	50,000	50,000	60,000	60,000	40,000	40,000	40,000	40,000
Distribution in year	£55,460	£62,560	£20,290	£23,840	£14,333	£17,760	£9,779	£12,340	£4,890	£7,360

Awards only vest on achievement of a performance target agreed following consultation with the Association of British Insurers and the National Association of Pension Funds. The amounts distributed represent interest and dividends arising on the beneficial interests for the year ended 31 March 2000.

3 Directors' emoluments and staff costs (continued)

Directors' pension benefits for the year

Four executive directors, Mr. S. L. Kaiman, Mr. N. S. J. Ribbat, Mr. R. E. Bowden and Mr. S. Adam earned pension benefits in the scheme during the year.

Mr. Bowden's and Mr. Adam's benefits from the tax approved scheme are restricted by the earnings cap. They are, therefore, entitled to benefit from the Company's Funded Unapproved Retirement Benefit Scheme (FURBS). The benefits provided by the FURBS are defined lump sums. The Company has not paid any contributions to the FURBS to date.

Non-executive directors do not participate in any Company sponsored pension arrangement.

The pension benefits earned during the year by Mr. Kaiman, Mr. Ribbat, Mr. Bowden and Mr. Adam were as follows:

Name	Age at year end	Increase in accrued pension during the year	Total accrued pension at year end	Increase in accrued FURBS lump sum entitlement during the year	Total accrued FURBS lump sum entitlement at year end
S. L. Kaiman	60	17,000	130,000		
N. S. J. Ribbat	38	10,000	46,000		
R. E. Bowden	56	2,000	16,000	65,000	171,000
S. Adam	53	4,000	11,000	41,000	68,000

Notes:

- The pension entitlement shown is that which would be paid annually on retirement at age 60 based on service to the end of the year. The total accrued FURBS lump sum entitlement shown is that which would be paid on retirement at age 60 based on service to the end of the year.
- The increase in both accrued pension and lump sum during the year excludes any increase for inflation.
- Members of the scheme have the option to pay Additional Voluntary Contributions. Neither the contributions nor the resulting benefits are included in the above table.
- Mr. S. L. Kaiman retired during the year. The pension amounts stated above reflect the period of service up to retirement.
- The following is additional information relating to directors' pensions for those included in the above table:

Main Scheme

- Normal retirement age for pension arrangements is age 60.
- Retirement may take place at any age after 50 subject to the consent of both the Company and the Trustees of the pension scheme. Pensions are reduced to allow for their earlier payment.
- On death in service the arrangement provides a capital sum equal to four times salary and a spouse's pension of two-thirds of the member's prospective pension at age 60. If a member is granted a deferred pension, a spouse's pension of two-thirds of the member's accrued pension is payable on death before or after retirement. These pensions are paid throughout the spouse's lifetime or until the youngest child reaches age 18, if later.
- Pensions are quantified to increase each year in line with the increase in the Index of Retail Prices (RPI) subject to a maximum of 5%. The Trustees may grant additional discretionary increases subject to the consent of the Company.
- Statutory increases apply to pensions during deferral.
- Transfer value calculations allow for discretionary pension increases such that, in aggregate, pension increases in line with increases in the RPI are valued.

FURBS

- Normal retirement age for pension arrangements is age 60.
- Retirement may take place at any age after 50 subject to the Company's consent. Benefits are reduced to allow for their earlier payment.
- On death in service top up lump sums are provided so that, in aggregate, the payee receives broadly the same value of benefits (net of tax) as if the earnings cap did not apply. On death in deferral, if a spouse's or dependent's pension is payable from the main scheme a lump sum of two-thirds of the member's accrued lump sum is also payable.
- In deferral, accrued lump sums are increased in line with statutory increases on pensions in deferral.

4 Net interest payable

	2000 £m	1999 £m
British Land Group		
Payable on:		
bank loans and overdrafts	41.6	90.6
other loans	214.5	124.9
finance leases	15.3	
Deduct:		
development cost element	(1.4)	(2.5)
Receivable on: deposits and securities	269.9	213.2
loans to joint ventures	(15.3)	(19.3)
Total British Land Group	234.0	187.6
Share of joint ventures		
Interest payable on shareholder loans	15.3	19.3
Other interest payable (net)	33.6	25.8
Total share of joint ventures (note 10)	48.9	45.1
Net interest payable	282.9	232.9
Exceptional item		68.0

The 31 March 1999 exceptional item relates to the termination of derivatives no longer required as a result of the £15.40 million Broadgate (Funding) PLC issue. The cost was provided for in the accounts for the year ended 31 March 1999 and has been settled during the current year.

5 Taxation

	2000 £m	1999 £m
UK corporation tax		
Deferred tax	21.8	7.7
Foreign tax	6.2	2.1
Attributable to joint ventures	2.3	1.6
Prior years adjustment - corporation tax	4.1	2.4
Revenue taxation (effective rate 17.4%, 1999 12.8%)	(7.7)	1.9
Capital taxation on exceptional item	26.7	15.7
Capital taxation attributable to joint ventures	0.9	(13.8)
Capital taxation	0.9	0.7
Total taxation	(3.1)	(3.1)
	27.6	2.6

The availability of capital allowances reduces the effective tax rate.

6 Ordinary dividends

	2000 pence	1999 pence	2000 £m	1999 £m
Interim paid	3.40	3.23	17.6	16.7
Proposed final	7.90	7.07	39.9	36.7
Total for year	10.90	10.30	56.5	53.4

The final dividend of 7.50p will be paid on 25 August 2000 to shareholders on the register at the close of business on 14 July 2000. The ex-dividend date is 10 July 2000.

9 Investment, development and trading properties

Investment, development and trading properties were valued by external valuers on the basis of open market value in accordance with the Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors.

On an open market basis – External valuations:

United Kingdom: Weatherall Green & Smith 6,984.6
 Republic of Ireland: Jones Lang LaSalle 105.6
 Netherlands: CB Richard Ellis BV 1.0

Total Investment, development and trading properties

6,971.2

Properties valued at £3,241.6m (1999 – £1,074.1m) were charged to secure Group borrowings. Of the total secured debt of £708.8m (Note 15) only £476.6m has recourse to the Group. Cumulative interest capitalised in investment and trading properties amounts to £14.5m and £Nil (1999 – £14.0m and £3.8m) respectively.

7 Basic and diluted earnings per share

Basic and diluted earnings per share are based on the profit attributable to ordinary shareholders and on the weighted average of 518.0 million shares in issue (March 1999 – 517.2 million). Earnings per share in 1999 on a pre-exceptional basis are calculated by excluding the post tax effect (£54.2m) of the exceptional item described in Note 4.

9 Parent Company's results

Profit on ordinary activities after taxation attributable to parent was £66.6m (1999 – £140.2m).

	Freehold £m	Long Leasehold £m	Short Leasehold £m	Total £m
Investment and development properties				
Valuation and cost 1 April 1999	4,534.0	755.5		5,289.5
Purchase of Meadowhall Shopping Centre	1,170.0			1,170.0
Additions	222.3	1.7		224.0
Disposals	(114.9)	(0.3)		(115.2)
Reallocations – purchase of Broadgate freeholds	544.3	(544.3)		(11.4)
Exchange fluctuations	(11.4)			(11.4)
Revaluation	203.9	17.0		220.9
Valuation and cost 31 March 2000	6,548.2	229.6		6,777.8
Trading properties				
At lower of cost and net realisable value				
31 March 2000	61.8	4.5	2.7	69.0
External valuation surplus on development and trading properties				124.4
Total Investment, development and trading properties				6,971.2

Total Investment, development and trading properties

6,971.2

Total external valuation surplus on development and trading properties

124.4

British Land Group 124.4
 Share of joint ventures 19.5
 143.9

Included in the leasehold properties is an amount of £10.8m, in respect of property occupied by the Group.
 The historical cost of properties held by investment subsidiaries was £5,317.1m (1999 – £4,041.5m).

10 Joint ventures

All joint ventures are held equally on a 50:50 basis
 Date established
 Accounting year end

Summarised profit and loss accounts

	The Public Houses Company Ltd April 1995 31 March	BL Universal PLC February 1997 31 March	BL Bank Properties Ltd August 1997 31 December	Cherrywood Properties Ltd (Ireland) April 1999 31 December	BL Fresco Ltd July 1999 29 January
	£m	£m	£m	£m	£m
Gross rental income	20.2	69.9	12.6		6.3
Net rental income	20.0	64.3	12.4		6.2
Other expenditure	(0.2)	(2.6)	(0.4)		(0.2)
Operating profit	19.8	61.7	12.0		6.0
Net interest – external	(13.2)	(31.9)	(7.5)		(4.2)
– shareholders		(22.2)	(4.4)		(1.9)
Net interest (payable) receivable	(13.2)	(54.1)	(11.9)		(6.1)
Revenue profit (loss) before tax	6.6	7.6	0.1		(0.1)
Capital profit (loss) before tax	0.2	6.1			
Profit (loss) before tax	6.8	13.7	0.1		(0.1)
Tax		(3.9)			
Profit (loss) after tax	6.8	9.8	0.1		(0.1)

Summarised statements of recognised gains and losses

Profit (loss) retained for the year	6.8	9.8	0.1		(0.1)
Unrealised surplus (deficit) on revaluation	(0.1)	28.6	(1.2)		4.7
Total recognised gains and losses	6.7	38.4	(1.1)		4.6

Summarised balance sheets

Investment properties at valuation	249.8	1,043.7	167.3	60.8	178.0
Development properties at cost	249.8	1,043.7	167.3	60.8	178.0
Total properties					
Debtentures	(15.6)	(294.7)			
Bank debt falling due within one year	(156.0)	(225.0)	(112.7)		(124.2)
Bank debt falling due after one year	4.0	(26.4)	(2.4)		(2.4)
Other net assets (liabilities)	(161.8)	(546.1)	(115.1)	(11.5)	(126.6)
Total external (liabilities) assets	88.0	497.6	52.2	49.3	51.4
Net external assets					
Represented by:					
Shareholder loans, funded equally at 31 March 2000	2.3	238.7	48.7	19.4	46.5
Ordinary shareholders' funds/Partners' capital	85.7	258.9	5.5	29.9	4.9
Total Investment	88.0	497.6	52.2	49.3	51.4
Capital commitments		75.4			
Contingent liabilities	2.8	56.1	0.3	6.9	1.1

The Group's share of the net value of the debt and derivatives as at 31 March 2000 was £23 million less than the Group's share of the book value. All companies are English property investment companies unless otherwise stated. All information is as at or for the period to 31 March 2000 unless otherwise stated.

to joint ventures (continued)

All joint ventures are held equally on a 50:50 basis
Date established
Accounting year end

Summarised profit and loss accounts

	November 1996 20 December	November 1996 20 December	Other joint ventures	British Share
	£m	£m	£m	£m
Gross rental income	12.7	2.0	27.1	75.4
Net rental income	12.7	2.0	24.3	24.3
Other expenditure	(0.4)	(0.2)	(0.2)	(0.2)
Operating profit	12.3	1.8	24.1	69.9
Net interest – external	(10.2)	(1.1)	0.9	(33.6)
– shareholders	(1.4)	(0.7)	0.9	(15.3)
Net interest (payable) receivable	(11.6)	(1.8)	0.9	(48.9)
Revenue profit (loss) before tax	0.7	–	25.0	2.9
Capital profit (loss) before tax	0.7	–	(0.6)	22.8
Profit (loss) before tax	0.7	–	(6.1)	(6.0)
Tax	–	–	–	–
Profit (loss) after tax	0.7	–	18.3	–

Summarised statements of recognised gains and losses

Profit (loss) retained for the year	0.7	–	18.3	–
Unrealised surplus (deficit) on revaluation	9.9	–	33.5	37.7
Total recognised gains and losses	10.6	–	51.8	–

Summarised balance sheets

	November 1996 20 December	November 1996 20 December	Other joint ventures	British Share
	£m	£m	£m	£m
Investment properties at valuation	222.9	290.6	202.6	1,219.3
Development properties at cost	222.9	290.6	22.9	–
Total properties	445.8	581.2	225.5	1,219.3
Debtentures	–	–	–	–
Bank debt falling due within one year	(0.3)	(209.1)	–	–
Bank debt falling due after one year	(134.5)	(2.4)	15.0	(648.5)
Other net assets (liabilities)	(4.6)	(2.4)	15.0	–
Total external (liabilities) assets	(139.4)	(211.5)	30.0	870.8
Net external assets	83.5	79.1	240.5	–
Represented by:				
Shareholder loans: funded equally at 31 March 2000	18.3	77.1	50.4	249.7
Ordinary shareholders' funds/Partners' capital	65.2	2.0	190.1	321.1
Total investment	83.5	79.1	240.5	570.8
Capital commitments	4.5	26.0	18.9	82.4
Contingent liabilities	10.4	3.4	6.0	43.5

The Group's share of the market value of the debt and development at 31 March 2000 was £3.5 million less than the Group's share of the book value.
All companies are English property investment companies unless otherwise stated. All information is as at or for the period to 31 March 2000 unless otherwise stated.

10 Joint ventures (continued)

The movement for the year:

Parent £m	Group		
	Equity £m	Loans £m	Total £m
120.2	At 1 April 1999	399.2	595.2
208.6	Additions	196.0	241.0
(129.0)	Repayment of loans	225.4	(171.7)
	Share of profit attributable to joint ventures (net of dividend)	178	178
	Disposals	(149.2)	(149.2)
	Revaluation	37.7	37.7
199.8	At 31 March 2000	249.7	570.8

The historical cost of joint ventures is £417.6m (1999 - £479.8m).

The amount of £199.8m includes £172.6m of loans to joint ventures by the parent.

Outline details of the joint ventures are set out on pages 17 to 18 of the Operating and Financial Review.

11 Other investments

Parent £m	Group £m		
	At 1 April 1999	Additions	Disposals
11.7	0.2	(11.2)	
			Revaluations
	0.7		At 31 March 2000
8,095.4			Investment in subsidiaries (see below)
8,096.1			Total other investments
			190.4

Other Group investments includes 13.1% of the issued share capital of Selfridges plc, with a market value of £50.8 million at 31 March 2000.

For the year ended 31 March 2000 dividends and interest from other investments amounted to £4.5m (1999 - £2.9m).

The Group additions include a non cash movement of £Nil (1999 - £45.9m).

The historical cost of other Group investments is £145.3m (1999 - £96.8m).

Shares in subsidiaries are included at cost or directors' valuation in 1977, 1995, 1997, 1999 and 2000, to take account of their underlying net asset value, their historical cost is £3,706.0m (1999 - £2,981.4m).

	Parent only		
	Shares in subsidiaries £m	Loans to subsidiaries £m	Total £m
At 1 April 1999	3,024.1	3,559.2	6,583.3
Additions	732.1	671.7	1,403.8
Exchange fluctuations	(7.5)		(7.5)
Revaluation	15.8		15.8
At 31 March 2000	3,764.5	4,330.9	8,095.4

11 Other investments (continued)

Principal operating subsidiaries:

EXECUTIVE	The British Land Corporation Limited*
	British Land Developments Limited
	British Land Financing Limited*
	British Land Properties Limited*
PROPERTY	135 Bishopsgate Limited
	Adamant Investment Corporation Limited
	Bayeast Property Company Limited
	BL (SP) Cannon Street Limited
	Broadgate Court Investments Limited
	Broadgate Property Holdings Limited*
	Broadgate (PHC 1) Limited
	Broadgate (PHC 2) Limited
	Broadgate (PHC 3) Limited
	Broadgate (PHC 4) Limited
	Broadgate (PHC 7) Limited
	Broadgate (PHC 8) Limited
	Broadgate (PHC 9) Limited
	Broadgate (PHC 11) Limited
	Broadgate (PHC 14) Limited
	Broadgate (PHC 15a) Limited
	Broadgate (PHC 15b) Limited
	City Wall (Holdings) Limited
	Clearest Limited
	Clarendon Property Company Limited
	Derby Investment Holdings Limited*
	Exchange House Holdings Limited
	Jason Estates Limited
	Meadowhall Investments Limited
	One Fleet Place Limited
	One Hundred New Bridge Street Limited
	Seahurst Properties Limited
	Ten Fleet Place Limited
	The Equitable Debenture and Assets Corporation Limited
	Union Property Corporation Limited
	Union Property Holdings (Investments) Limited
	Yateson Limited
	British Land Investments Netherlands b.v.
	Firmont Limited*
FINANCE INVESTMENT AND MANAGEMENT	British Land Property Management Limited
	Real Property & Finance Corporation Limited*
	135 Bishopsgate Financing Limited*
	Broadgate (Funding) PLC

*Directly held by the Parent

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

12 Debtors

	Parent	1999	Group	1999
	2000	2000	2000	1999
	£m	£m	£m	£m
Trade debtors			28.9	16.2
Amounts owed by group companies	32.0	2,050.8		
Amounts owed by joint ventures	6.7	4.4	6.8	10.4
Corporation tax	4.9	4.4		
Prepayments and accrued income	43.6	2,062.3	3.1	6.5
			41.8	33.1

13 Creditors due within one year

	Parent	1999	Group	1999
	2000	2000	2000	1999
	£m	£m	£m	£m
Debentures and loans (note 15)	6.1	1.5	37.3	1.7
Overdrafts (note 15)	124.7	103.1	6.1	1.5
Bank loans (note 15)	13.1	3.8	124.7	103.1
Trade creditors	4,336.0	4,455.1	64.0	114.7
Amounts owed to group companies			52.0	25.6
Corporation tax	0.4	0.3	4.2	4.5
Other taxation and social security	17.4	34.5	238.8	109.9
Accruals and deferred income	38.9	38.0		38.0
Dividends (1998 final and 1999 interim note 16)	4,536.6	4,673.0	38.8	36.7
Proposed final dividend			566.0	435.7

14 Creditors due after one year

	Parent	1999	Group	1999
	2000	2000	2000	1999
	£m	£m	£m	£m
Debentures and loans (note 15)	873.7	873.5	2,453.1	984.4
Bank loans (note 15)	796.3	1,275.3	796.3	1,275.3
Minority interest	1,670.0	2,148.8	3,248.4	2,271.7

16 Net debt (continued)

	Parent		Group	
	2000 £m	1999 £m	2000 £m	1999 £m
Secured on the assets of the Group				
† 6.5055% Notes 2036			97.5	
8 1/2% FMD Bonds 2035	246.5	246.4	246.5	246.4
9 1/2% FMD Stock 2028	197.1	197.0	197.1	197.0
10 1/2% FMD Stock 2019/24	12.6	12.6	12.6	12.6
11 1/2% FMD Stock 2019/24	20.4	20.4	20.4	20.4
† 5.66% 135 Bishopsgate Securitisation 2018			27.9	
† 8.49% 135 Bishopsgate Securitisation 2018			106.9	109.1
	476.6	476.4	706.8	585.5
Unsecured				
† Class C2 6.4515% Notes 2032			73.1	
† Class B 6.0875% Notes 2031			219.4	
† Class A3 5.7125% Notes 2031			146.3	
† Class A2 5.67% Notes 2029			299.5	
† Class A1 Fixed Rate Notes 2024			316.9	
8 1/2% Bonds 2023	147.6	147.6	147.6	147.6
12 1/2% Bonds 2016	150.0	150.0	150.0	150.0
† Class C1 6.7446% Notes 2014			176.7	
† Class D Fixed/Floating Rate Notes 2014			159.1	
10 1/2% Bonds 2012	1.7	1.7	1.7	1.7
* 7.35% Senior US Dollar Notes 2007	97.8	97.8	97.8	97.8
** 8 1/2% Loan Stock 2000/05			3.5	3.5
Bank loans and overdrafts	927.1	1,379.9	927.1	1,379.9
	1,324.2	1,777.0	2,708.7	1,780.5
Convertible Bonds				
6 1/2% Convertible Bonds 2007	316.6	315.9	316.6	315.9
6% Subordinated Irredeemable Convertible Bonds	146.6	146.5	146.6	146.5
	463.2	462.4	463.2	462.4
Gross debt	2,264.0	2,715.8	3,990.7	2,828.4
Cash and deposits	(54.1)	(105.1)	(116.4)	(120.2)
Net debt	2,209.9	2,610.7	3,762.3	2,708.2

†These borrowings are obligations of ringfenced, default remote special purpose companies, with no recourse to other companies or assets in the Group.

*These borrowings have been hedged into Sterling from the date of issue.

**Notice has been given to Stockholders to redeem the stock on 30 June 2000.

Comparison of market values and book values at 31 March 2000

	Market Value £m	Book Value £m	Difference £m
Fixed rate debt:			
Securitized debt	1,594.3	1,613.2	(18.9)
Other fixed rate debt	1,113.7	877.2	236.5
Convertible debt	449.7	463.2	(13.5)
Bank debt (net)	808.7	808.7	
Continuing derivatives	(15.8)	(15.8)	
Net debt	3,950.6	3,762.3	188.3
Derivatives – Meadowhall	75.5	85.0	(9.5)
Total			178.8

The market value and difference are shown before any tax relief.

In accordance with Accounting Standards the book value of debt is per value net of amortised issue costs. The valuation of the Broadgate Notes has been undertaken by Morgan Stanley.

The valuations of 135 Bishopsgate Securitisations 2018 have been undertaken by Greenwich NatWest. The valuations of other fixed rate debt and convertible debt have been undertaken by UBS Warburg. The bank debt has been valued assuming the bank debt could be renegotiated at contracted margins. The derivatives have been valued by the independent treasury advisor Record Treasury Management.

On the acquisition of Meadowhall an allowance of £92 million (Note 17) was made in respect of the high rate of interest payable under the finance leases, which have since been repaid. The market value of the related derivatives is shown above alongside the remaining allowance at 31 March 2000. Since the year end, these derivatives were closed out at a cost of £74.8 million.

6 1/2% Convertible Bonds 2007

The £323 million 6 1/2% Convertible Bonds 2007 carry a Bondholder right of conversion, exercisable at any time, into Ordinary Shares of the Company at 672p per share. The Company has the right to redeem, at its discretion, all or part of the Bonds at par on or after 17 June 2002. The Company has the right to redeem the remaining Bonds where 75% of the Bonds have been converted or purchased or cancelled. If the Company elects to redeem the Bonds, Bondholders have the right to elect for conversion into the underlying Ordinary Shares. On conversion of the entire issue into Ordinary Shares of the Company 48.1 million Ordinary Shares would be issued.

6% Subordinated Irredeemable Convertible Bonds

The £150 million 6% Subordinated Irredeemable Convertible Bonds carry a Bondholder conversion right exercisable at any time into Ordinary Shares of the Company at 500p (1999 – 500p) per share. The Company has the right to redeem, at its discretion, the Bonds at par if after 9 April 2001 the average ordinary share price attains 130% of the conversion price for a 30 day period and after 9 April 2008 without conditions. The Company has the right to redeem the remaining Bonds where 75% of the Bonds have been converted or purchased or cancelled. If the Company elects to redeem the Bonds, Bondholders have the right to convert into the underlying Ordinary Shares. The Company has an option to exchange the Bonds for 6% Convertible Preference Shares with the same conversion terms. The Company has a further option to exchange the preference shares back to convertible bonds after these preference shares have been in issue for six months. On conversion of the entire issue into Ordinary Shares of the Company 30.0 million Ordinary Shares would be issued.

16 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2000 £m	1999 £m
Operating profit	397.1	290.9
Dividends received	(1.1)	(0.8)
Depreciation	0.4	0.8
Decrease in trading properties	78.8	39.1
(Increase) decrease in debtors	(5.4)	12.7
(Decrease) increase in creditors	(7.8)	2.4
Net cash inflow from operating activities	492.2	345.1

Analysis of Group net debt

	1999 Acquisitions £m	Cash flow £m	Non cash movements £m	2000 £m
Cash at bank	(81.9)	27.5		(54.4)
Overdraft	1.5	4.8		6.1
Net cash per cash flow statement	(80.4)	32.1		(48.3)
Term debt	2,364.5	698.4	(100.2)	3,411.4
Convertible Bonds	462.4		0.8	463.2
Term deposits	(38.3)	(25.7)		(64.0)
Group net debt	2,708.2	704.8	(99.4)	3,762.3

Reconciliation of net cash flow to movement in Group net debt

	2000 £m	1999 £m
Brought forward	2,708.2	2,297.7
Movement in net debt in the year:		
Decrease (increase) in cash	32.1	(34.6)
Cash inflow from movement in debt	698.4	410.7
Cash (outflow) inflow in term deposits	(25.7)	27.7
Changes resulting from cash flows	704.8	403.8
Term debt acquired with Meadowhall Shopping Centre	448.7	
Changes resulting from non cash flows (includes £92 million Meadowhall allowance - notes 15, 17)	(99.4)	6.7
Carried forward	1,094.1	410.5
	3,762.3	2,708.2

Equity dividends paid

Following the abolition of Advance Corporation Tax on 5 April 1999, dividends were paid on 6 April 1999 relating to the years ended 31 March 1998 and 1999. The interim dividend for the year ended 31 March 2000 was paid on 22 February 2000.

17 Purchase of Meadowhall Shopping Centre

On 8 July 1999, the Group acquired Meadowhall Shopping Centre, Sheffield. This acquisition was structured as an option to purchase the entire share capital of Meadowhall Holdings Limited and its subsidiaries for a payment on 8 July 1999 of £100 million with a completion payment on 1 November 1999 following exercise of the option. The total consideration payable discounted to the date of acquisition, amounted to £701.7 million. This purchase was funded from existing cash and bank facilities.

This acquisition has been consolidated in these accounts since 8 July 1999, the effective date on which control of the company was acquired and has been accounted for using the acquisition method. The analysis of net assets acquired and the fair value to the Group is as follows:

	Book Value £m	Note	Fair value adjustments £m	Fair value to Group £m
Meadowhall Shopping Centre, Sheffield	1,170.0			1,170.0
Other fixed assets	1.0			1.0
Debtors	16.7			16.7
Cash	9.8			9.8
Creditors	(10.6)	a	(36.5)	(47.1)
Loans and finance leases	(341.3)	b,c	(107.4)	(448.7)
Net assets	845.6		(143.9)	701.7

Consideration:

Option payment	100.0
Completion payment (net of discount)	601.7
Purchase consideration	701.7

Cash flow impact:

Cash paid	705.0
Accrued consideration and discount	(3.3)
Purchase consideration	701.7

- a The fair value adjustment of £36.5 million relates to provisions for pre-acquisition liabilities and charges which have since mostly been paid.
- b The principal fair value adjustment of £92 million was in respect of the finance lease arrangements and related derivatives which have been revalued to reflect their market value at the date of acquisition.
- c The consideration paid on 1 November 1999 and borrowings assumed have been discounted to their present value at the date of acquisition. The net discount has been charged as interest payable over the period from acquisition to 1 November 1999.

Since acquisition the secured loan and finance lease obligations have been refinanced from existing unsecured bank facilities as follows:

- In December 1999 the £75 million secured bank loan was repaid.
- On 6 March 2000 the Group discharged for £286.4 million the third party secured finance lease obligations acquired with the purchase of the Meadowhall Shopping Centre and assumed the related swaps liability to which the fair value adjustment (note b above) refers. This was effected by the purchase of five finance leasing companies from Loyds TSB Leasing, Capital Bank and HSBC Asset Finance.
- Since the year end the above derivatives were closed out at a cost of £74.8 million.

17 Purchase of Meadowhall Shopping Centre (Continued)

The unaudited summarised trading results and statement of recognised gains and losses of Meadowhall Holdings Limited, and its subsidiaries for the period from 2 October 1998 until the effective date of acquisition on 8 July 1999, were as follows:

Turnover	£m	41.4
Operating profit	24.5	
Loss before taxation (net of management fees of £7.9 million)	(0.4)	
Taxation	(0.4)	
Loss after taxation	(0.4)	
Unrealised surplus on revaluation of properties	314.7	
Total recognised gains and losses relating to the period	314.3	

The audited consolidated profit after taxation for the previous financial year ended 1 October 1998 amounted to £8.9 million.

Meadowhall Holdings Limited contributed £170 million to the Group's net cash inflow from operating activities and £4.7 million to the Group's net cash outflow before management of liquid resources and financing.

18 Net Asset Value per share

	Shares m	2000 Net Assets £m	Shares m	1998 Net Assets £m
Net Asset Value (undiluted)				
Shareholders' funds as shown on balance sheet	518.0	3,448.6	518.0	3,117.8
External valuation surplus on development and trading properties		143.9		143.9
Net assets attributable to ordinary shares		3,592.5		3,261.7
Net Asset Value per share (undiluted)		694p		630p

Fully diluted Net Asset Value

Net assets attributable to ordinary shares	518.0	3,592.5	518.0	3,261.7
Adjust to fully diluted on conversion of:				
6% Irredeemable Convertible Bonds	30.0	146.6	30.0	146.5
6 1/4% Convertible Bonds 2007	48.1	316.6	48.1	315.9
Net assets attributable to fully diluted ordinary shares	596.1	4,056.7	596.1	3,724.1
Fully diluted Net Asset Value per share		681p		625p

The NAV includes the surplus of the external property valuation over the book value of both development and trading properties. Such properties are included in the balance sheet at the lower of cost and net realisable value.

19 Share Capital

Authorised 1 April 1999 and 31 March 2000	Ordinary Shares of 25p each	799,200,000
Issued and fully paid 1 April 1999	£m	517,983,924
Issues	20,000	
Issued and fully paid 31 March 2000	£m	518,003,924

Further details of share issues are included in the Directors' Report. £200,000 6% Cumulative redeemable convertible preference shares of £1 each are also authorised. At 31 March 2000 - 1,982,485 ordinary shares were outstanding under the Share Option and Share Save Schemes detailed below.

1984 Share Option Scheme

Date of grant	Price	Shares outstanding	Exercise dates
10.4.92	1.70	19,695	10.4.95 - 9.4.02
8.1.93	1.86	20,452*	8.1.96 - 7.1.03
10.4.92	1.44	27,442	10.4.97 - 9.4.02
8.1.93	1.86	30,805*	8.1.96 - 7.1.03
8.1.93	1.58	33,332	8.1.98 - 7.1.03
6.7.94	3.80	76,191*	6.7.97 - 5.7.04
6.7.94	3.22	76,191	6.7.99 - 5.7.04
6.7.94	3.80	102,263	6.7.97 - 5.7.04
23.1.96	3.94	860,211	23.1.99 - 22.1.06
23.1.96	3.94	508,743	23.1.01 - 22.1.06
		1,627,877	

*These options 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 these options do not increase the total number of shares under option. The total in the table reflects the number of shares under option.

Share Save Scheme

Date of grant	Price	Shares outstanding	Exercise dates
1.3.96	3.23	68,029	1.3.01 - 31.8.01
1.3.98	5.44	787	1.3.01 - 31.8.01
1.3.98	5.44	2,853	1.3.03 - 31.8.03
1.9.98	4.81	3,240	1.9.01 - 28.2.02
1.9.98	4.81	1,792	1.9.03 - 28.2.04
1.3.99	3.55	34,315	1.3.02 - 31.8.02
1.3.99	3.55	107,509	1.3.04 - 31.8.04
1.10.99	4.38	4,949	1.10.02 - 31.3.03
1.10.99	4.38	4,544	1.10.04 - 31.3.05
1.2.00	3.47	26,059	1.2.03 - 31.7.03
1.2.00	3.47	101,531	1.2.05 - 31.7.05
		354,808	

20 Reserves

Parent		Group	
Share premium £m	Other reserves £m	Revaluation reserve £m	Profit and loss account £m
1,104.5	1.6	83.7	379.1
0.1			10.1
		15.8	15.8
	(0.6)		(0.6)
<u>1,104.6</u>	<u>1.0</u>	<u>99.5</u>	<u>389.2</u>
			<u>1,594.3</u>

At 1 April 1999
Issues
Retained profit
Realisation of prior year revaluations
Current year revaluation
Exchange movements on net investments
At 31 March 2000

The cumulative amount of goodwill written off against other reserves of the Group is £14.6m (1999 - £14.6m).
Included in other reserves is £0.2m of capital redemption reserve.

21 Capital commitments

2000 £m	1999 £m
<u>239.6</u>	<u>182.3</u>

Contracted (including share of joint ventures - Note 10)

22 Contingent liabilities

It is estimated that, in the event of the realisation of all investment properties and fixed asset investments at book value, the liability for tax, after capital losses and available reliefs at 31 March 2000 would not be more than £488m (1999 - £202m) and at the total value of investment, development and trading properties as shown in note 9, £509m (1999 - £245m).
Contingent liabilities of the Parent for guarantees to third parties amounted to £33.0m (1999 - £33.0m).

2a Disclosure of interests and related parties

Mr John Ritbat has a 5.226% interest in Delancey Estates Plc which is the holding company of Colliers Conrad Ribbat Erdman who are amongst the Group's managing agents and as such receive fees for their services.
Details of transactions with joint ventures including debt guarantees by the Company are given in notes 10 and 22 respectively, to the financial statements. During the year the Group received a management fee of £1.3 million from BL Universal Plc.

24 Pensions

Share premium £m	Other reserves £m	Revaluation reserve £m	Profit and loss account £m	Total £m
1,104.5	(7.9)	1,389.0	522.7	2,988.3
0.1			72.2	0.1
		(3.3)	3.3	72.2
	6.7	259.9	(0.5)	259.9
	(1.2)	(6.6)	(0.5)	(0.4)
<u>1,104.6</u>	<u>(1.2)</u>	<u>1,618.0</u>	<u>597.7</u>	<u>3,320.1</u>

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 31 March 1997 based on the attained age method. The most significant actuarial assumptions were that the return on investments would be 8% per annum and that the general level of salaries and pensions in payment would increase at the rates of 7% per annum and 4% per annum respectively. The financial assumptions are all lower than those used for the previous valuation reflecting the anticipation of lower rates of price inflation.
At the 31 March 1997 valuation the market value of the Scheme's assets was £21,647,819 and on the assumptions used to calculate the pension cost, the actuarial value of the assets at that date represented 104% of the value of members' accrued benefits.
The valuation made allowance for the potential increased costs of providing benefits arising from the abolition of tax credits on UK equities. 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 31 March 2000 were £2,095,523 (1999 - £739,000). The Company's contributions over the year were based on the results of the valuation of the Scheme at 31 March 1997 and allow for the amortisation of the surplus revealed at that valuation 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 two other small pension schemes.
The total pension cost charged for the year was £2.4m (1999 - £1.0m).

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 Inter-Continental Hotel, Stratton Street, London W1, on Friday 14 July 2000, at 11.30 am for the following purposes:

- 1 To receive the Report of the Directors and audited Accounts for the year ended 31 March 2000.
- 2 To declare a Final Dividend for the year ended 31 March 2000.
- 3 To re-elect Mr. John Weston Smith as a director.
- 4 To re-elect Mr. Robert Swannell as a director.
- 5 To reappoint Arthur Andersen as Auditors.
- 6 To authorise the directors to fix the remuneration of the Auditors.
- 7 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 16 July 1999 pursuant to Section 80 of the Companies Act 1985.
- 8 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.
- 9 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.

By Order of the Board,



Anthony Brahm
Secretary

30 May 2000
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 9 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 2000."
- 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 14 July 2000:
 - 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 1 April 1999 to 30 May 2000; and
 - b copies of all contracts of service between directors and the Company.They will also be available for inspection at the May Fair Inter-Continental Hotel, W1 for the period of fifteen minutes prior to the Annual General Meeting and during that meeting.

SHAREHOLDER INFORMATION AND FINANCIAL CALENDAR

Analysis of Shareholders 2000

Number of shares	Number of shareholders	%	Number of Shares	%
1 – 1,000	6,718	53.48	3,307,442	0.64
1,001 – 5,000	4,097	32.61	8,886,487	1.72
5,001 – 20,000	865	6.89	8,440,340	1.63
20,001 – 50,000	269	2.14	8,514,918	1.70
Over 50,000	613	4.88	488,554,737	94.31
	12,962	100.00	519,009,924	100.00
Individuals	7,102	56.53	12,146,107	2.35
Banks or nominees	4,892	38.94	486,451,879	93.91
Insurance companies	8	0.06	11,518,945	2.24
Other companies	323	2.57	3,415,952	0.66
Pension trusts	7	0.06	1,450,423	0.28
Local/National authorities and other institutions	230	1.84	2,920,718	0.56
	12,962	100.00	519,009,924	100.00

Individual Savings Accounts (ISAs) and Share Dealing Service

The Company offers Individual Savings Accounts (ISAs). The Plan Manager is Barclays Stockbrokers. Barclays Stockbrokers also offer private individuals a low cost telephone and postal service for dealing in shares of the Company. Commission rates start at £10. Details can be obtained by writing to or telephoning:

Barclays Stockbrokers Limited, Client Services, Tey House, 300 Bath Street, Glasgow G2 4LH.
For details of the ISA call: 0845 601 5000

For details of the Share Dealing Service call: 0845 702 3021

Lines are open between 8.00am and 6.00pm Monday to Friday except bank holidays, and 9.00am to 1.00pm on Saturday. All calls are charged at the local rate and can only be accessed from within the UK. For your security all calls are recorded and randomly monitored. Barclays Stockbrokers Limited is a member of the London Stock Exchange and regulated by the SFA.

Head Office and Registered Office

10 Cornwall Terrace, Regent's Park, London NW1 4QP
Telephone 020 7486 4466 Fax 020 7935 5552
www.britishland.co.uk

Financial Calendar

Dividends on Ordinary Shares

Interim Ordinary	declared December
Final Ordinary	declared May

Interest payments

The British Land Company PLC:	
6% Subordinated Irredeemable Convertible Bonds	26 March, 26 September
6 1/2% Convertible Bonds 2007	17 May, 17 November
8 1/4% Bonds 2023	25 March, 25 September
8 1/4% First Mortgage Debenture Bonds 2035	24 March, 24 September
9 1/4% First Mortgage Debenture Stock 2028	31 March, 30 September
10 1/2% First Mortgage Debenture Stock 2019/24	31 March, 30 September
10 1/4% Bonds 2012	26 March
11 1/4% First Mortgage Debenture Stock 2019/24	31 March, 30 September
12 1/4% Bonds 2016	25 March, 25 September

Broadgate (Funding) PLC:

Class A1 Fixed Rate Unsecured Notes 2024	
Class D Fixed/Floating Rate Unsecured Notes 2014	
Class A2 5.67% Unsecured Notes 2029	5 January, 5 April,
Class A3 5.7125% Unsecured Notes 2031	5 July, 5 October
Class B 6.0875% Unsecured Notes 2031	
Class C2 6.4515% Unsecured Notes 2032	
6.5055% Secured Notes 2038	
Class C1 6.7446% Unsecured Notes 2014	

Taxation of Capital Gains

The market value at 31 March 1992 of an Ordinary 25p Share of the Company, for the purpose of capital gains tax indexation allowance, was 85.5p prior to adjustment for capitalisation or rights issues.

Registrars and Transfer Office

Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 8DA
Telephone 01903 502541

TEN YEAR RECORD ENDED 31 MARCH

	Gross assets £m	Net assets £m	Net assets per share pence	Net rental income £m	Revenue pre-tax profit £m	Revenue earnings per share pence	Dividend per share pence	FRS 3 pre-tax profit £m	FRS 3 earnings per share pence
2000	7,872.1	3,593.5	68.4	347.5	153.1	24.4	10.90	156.4	24.8
1999	6,431.5	3,281.7	63.0	296.5	122.5	20.6	10.30	55.3	10.1
1998	5,701.6	3,052.0	59.2	266.4	102.3	16.7	9.80	127.2	21.2
1997	4,889.2	2,427.5	48.7	277.0	90.2	15.4	9.00	91.2	15.7
1996	4,513.0	1,948.2	42.6	220.9	65.7	11.9	8.55	62.1	11.2
1995	3,325.4	1,663.8	41.6	173.9	58.6	11.7	8.12	49.1	8.4
1994	2,660.3	1,392.4	41.3	139.4	53.9	11.4	7.53	53.9	11.4
1993	1,934.3	833.5	28.3	128.4	34.6	11.3	7.00	27.2	8.4
1992	2,017.5	763.8	30.0	111.8	33.3	10.7	6.35		
1991	1,881.5	914.7	37.5	87.2	31.0	9.9	5.75		

^a Including surplus over book value of trading and development properties.

^b Adjusted for the placing of 42.8m shares in March 1997, 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.

SPONSORSHIP

British Land is strongly committed to investing in the future through education, the arts and sport with particular emphasis on providing support and facilities for young people and children and improvement of the environment. Current initiatives include the following:

- Partners in Leadership is one of Business in the Community's most successful projects with over 600 business partners matched to head teachers throughout the country. The business partner provides a sounding board to the head teacher charged with the complex task of running a school today. British Land sponsors the Partners in Leadership Newsletter and encourages and supports its employees' involvement as business partners.
- This year 39,100 schoolchildren from 1,184 schools are taking part in The British Land UK Chess Challenge, which is the largest chess tournament in the world. The tournament is designed for all standards of play and all ages from 18 down to 6 years old. Schools build their reputations while children benefit from constructive enjoyment and developing qualities of concentration, forward planning, resilience and flexibility.
- The Prince's Trust helps young people to succeed, focusing on 14-30 year olds who lack the opportunity or means to make the most of their lives. British Land is supporting six young people in starting their own businesses and reaching their potential.
- The West Euston Partnership involves Camden Council, the Health Authority, the police, community associations, tenants, the church, the Crown Estate, British Land and the Prudential with a brief to unite the diverse Camden community. British Land is a strong contributor to the Partnership's work, and supporter of community regeneration in the area.
- British Land's sponsorship of The Royal Academy of Music has enabled an ensemble of their leading students to undertake an extensive concert tour, including the exceptional opportunity of performing at the Wigmore Hall.

The Company's commitment to the future also includes being a funding partner of the London Business School and publication of a series of Educational Broadsheets. British Land supports the Investment Property Forum's Educational Trust. It has sponsored the Chamber Music Competition for Schools for five years and is a supporter of Barnardo's, the British Red Cross, Mencap and the NSPCC Corporate brochure.

British Land has contributed to the Tate Gallery and sponsored the new permanent, fully illustrated Catalogue of the National Gallery's collection of works by British Artists, by Judy Egerton. The British Museum, The Victoria and Albert Museum, the London Philharmonic Orchestra, The English National Opera, The National Theatre, The Wigmore Hall, The Royal Shakespeare Company, The Royal Ballet School and The Regent's Park Open Air Theatre have also received support. The Company is a founder benefactor of the Royal Opera House Development Appeal and a founding exhibition patron of the Royal Academy of Arts.

British Land has been sole sponsor of The British Land National Ski Championships for 22 consecutive years and also sponsors the British Land Alpine Ski Team. The Company is presenting sponsor of the 2000 Super Series Squash Finals at Broadgate. The British Land British Open and Amateur Championships for Real Tennis are in their seventh year.

Picture box

Trevor Ray-Hart

Trevor Hart's witty, perceptive images have been seen in magazines and newspapers as diverse as O, Management Today, the New York Times and the Observer.

Born in London in 1967, he studied at West Surrey College of Art & Design. In the past decade he has worked with many of London's leading design consultants and advertising agencies.

Quietly watching the behaviour of animals (and visitors) at London Zoo, Trevor has captured some classic moments of interaction between the species. 'My approach to portraiture', says the photographer, 'is to observe the subject and their surroundings in a balanced composition, while endeavouring to keep them looking natural.'

Design by: CDT Design

Photography by: Trevor Ray-Hart

Copywriting by: Tim Shackleton

Typesetting by: New Leaf

Printed by: The Beacon Press

The paper used in this Annual Report is made from pulp where for every tree felled, 3-4 are planted. The mill recycles the water and 'trillipoke' or dross and rejects used in the papermaking process.



RECYCLABLE



BRITISH LAND
CORPORATION
A PLC
Corporate Member
of the Green Group
People. The real work.

Having your nails done in the elephant house is a little more basic than a beauty-salon pampering.