



The British Land Company PLC

Annual Report and Accounts 1999

Front Cover Image:
Walls have ears –
past Principals
listen impassively
as one of the
Academy's several
orchestras performs
in the Duke's Hall.

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The late Lord Menuhin conducting one of his last masterclasses at the Royal Academy of Music. The Academy is one of the world's leading institutions for advanced musical training.



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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, enhanced by our financing initiatives. We maximise growth and potential by property trading and development, augmented through joint ventures and partnerships.

The keynote of this year's Report and Accounts is music, and more particularly our sponsorship of the eminent and lively Royal Academy of Music. The list of its distinguished former graduates is a roll of honour for British music, and includes composers such as Arthur Sullivan and Richard Rodney Bennett, the conductors Henry Wood and Edmundo Ros, and the performers Dennis Brain and Harriet Cohen. Today Academy-trained stars, such as Simon Rattle, Lesley Garrett, Annie Lennox, Michael Nyman and Elton John, enrich our lives.

Our 1999 Report and Accounts illustrates aspects of the Academy's work in training and educating the next young generation of talent, who may be relied upon to create and sustain this long-term musical heritage.

The Academy
takes great care
to match the right
students with the
right teacher.
Postgraduates
take five as
David Strange,
Head of Strings,
decides what
happens next.



STRINGS

PERFORMANCE CLASSES



Chairman's Statement and Operating and Financial Review



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Busking a gut!

Technical excellence, intuitive musicianship and a willingness to experiment are the hallmarks of the Academy's approach. The timetable tries to ensure everything comes together at the right moment.

1 The Stradivari viola, Cremona 1696, symbolises the Academy's culture of excellence.
2 Sir John Barbirolli, once a student of the Royal Academy of Music, later became conductor of its First Orchestra.

This was a year when British Land was able to take major new initiatives in optimising its property investments while funding them long-term to encompass these twin fundamentals of our strategy.

Total properties, including British Land's share of its ten joint ventures, are now up to £6.6 billion (1998 – £5.8 billion) with annualised net rents of £398 million (1998 – £339 million). Total funds under our property management, including partners' shares of joint ventures, are £7.7 billion (1998 – £6.7 billion). Net assets increased by 6.9% over the past year, by £209.7 million to £3,261.7 million.

Net assets per share are 630p (1998 – 592p), on an undiluted basis, up 6.4%. This is struck after the deduction for Stamp Duty and purchasers' costs estimated by the valuers at approximately £300 million – some 58p a share, equivalent to over 9% of net asset value. This deduction has more than doubled over the last two years as a result of the increases in Stamp Duty. Each rise in Stamp Duty bears hardly upon the larger portfolios designed to use gearing for extra growth.

Sentiment weakened sharply towards City of London office property values during late summer, depressed by short-term anxieties in world financial markets. While this dip was unwelcome for its effect on valuations, it enabled us to complete some £800 million of Broadgate purchases on favourable terms, led by the key acquisition of five ground rent interests.

Reductions in the level of interest rates provided the timing for the massive and successful £1.54 billion securitisation of the Broadgate Estate, where we have achieved innovative long-term funding on competitive terms, which more than restores the liquidity employed on all our recent property purchases.

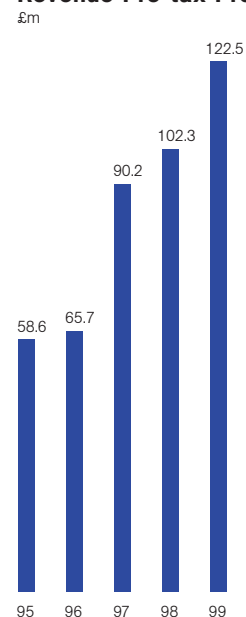
As anticipated, these events have affected this year's results. Profits for the year and Net Assets have been reduced by the

Financial Summary

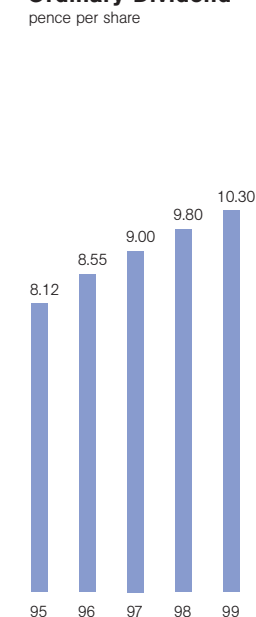
	1999	1998		1999	1998
	£m	£m		pence	pence
Net Rental Income	296.5	266.4	Dividend per ordinary share	10.3	9.8
Revenue Pre-tax Profits	122.5	102.3	Revenue Earnings: per share	20.6	16.7
Gross Assets*	6,431.5	5,701.6	Net Asset Value: per share*	630	592
Net Assets*	3,261.7	3,052.0	fully diluted*	625	592

*Including surplus on development and trading properties

Revenue Pre-tax Profit



Ordinary Dividend





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exceptional charge of £68 million taken as a consequence of closing out derivatives held as insurance against rising interest rates on our floating rate bank debt, which has now been beneficially replaced by the proceeds of the long-term fixed rate securitisation issue. Going forward we have rebased and reduced interest costs by the significant savings we have achieved, and shareholders will thus recoup the upfront charge in short order.

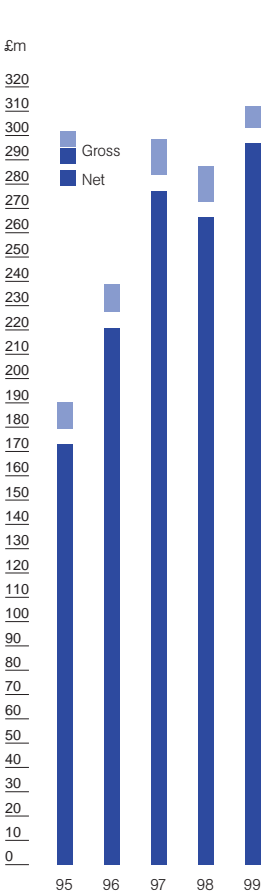
Revenue Profits before tax and before the exceptional charge for the year to 31st March 1999 were £122.5 million (1998 – £102.3 million). After the exceptional charge profits before tax were £55.3 million (1998 – £127.2 million). The main contribution to profits is from net rents which were £296.5 million (1998 – £266.4 million). Gross rents were £311.9 million (1998 – £286.8 million). The gap between gross and net rents, at £15.4 million, was smaller than ever – only 4.9% of gross rents (1998 – £20.4 million, 7.1% of gross rents).

Our joint ventures contributed interest earnings of £19.3 million (1998 – £21.8 million) and in addition profits of £21.8 million (1998 – £15.5 million). Interest income is lower because we were able to reduce our own loans to BL Universal, for which we arranged additional external borrowings. Property trading earned £13.7 million (1998 – £20.4 million). In the current year property trading profits have been boosted by the £117 million post year-end profitable sales of First Avenue House, London WC1 and the Corn Exchange, London EC3.

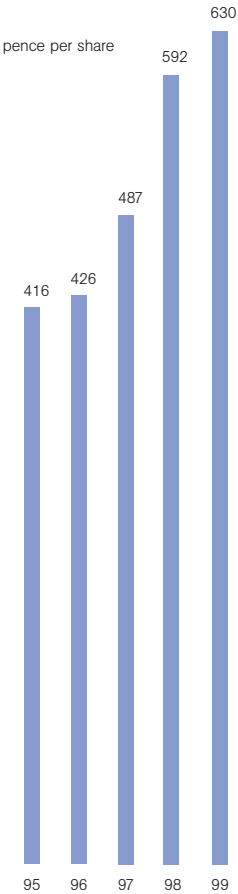
Earnings per share were 10.1p (1998 – 21.2p). The tax charge for the year is £2.6 million, a rate of 4.7% (1998 – £19.6 million, a rate of 15.4%), reflecting tax mitigation from the exceptional charge and further access to capital allowances.

The Board is recommending a final dividend of 7.07p (1998 – 6.73p), making a total payment for the year of 10.3p

Rentals



Net Asset Value



(1998 – 9.8p) an increase of 5.1% above last year's payment, which had itself been enhanced to take account of the delayed payment date arising from the Advance Corporation Tax change.

Musicians draw inspiration from beauty in all its forms. Wagner, for one, had a famously roving eye and a taste for silks and furs. He would have enjoyed the pin-up.

1 Sir Henry Wood – founder of the Proms – was a student and subsequently a professor at the Academy. Other distinguished alumni include rock diva Annie Lennox 2, conductor Sir Simon Rattle 3 and pianist Harriet Cohen 4.







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The Portfolio

After the large increases achieved in the previous year, the 31st March 1999 values reflect the nervous reaction of the property market in the late summer of 1998. The market has recovered lost ground and become much healthier since our year-end. The major Broadgate purchases late in our year have not of course at this early stage fully realised their potential, though their quality and prospects are self-evident. We retain our enthusiasm for supermarkets and shopping centres, which again have performed well.

Sales of 100 properties, realising £358 million, including a number of distribution centres, reflect our intensive and continuing management approach directed at improving the long-term growth of our retained portfolio. Further details of transactions, including those of our joint ventures which continue to provide diversity and to operate well, are set out in Highlights on pages 49 to 51.

The British Land portfolio and its share of joint ventures, with adjustments for purchases, other expenditure on properties, sales and properties awaiting development, showed a rise in the residual property value of 3.8% net (1998 + 12.8%) in the year.

City of London offices were up 1.9% (1998 + 13.6%), West End of London offices were up 9.9% (1998 + 16%). Other offices were up 5.2% (1998 + 9.2%). Industrial and distribution were up 3.7% (1998 + 7.4%). Supermarkets rose 6% (1998 + 11.3%) and shopping centres were 7.3% higher (1998 + 12.6%). Leisure was up 5% (1998 + 8.8%) and retail warehousing was up 1.6% (1998 + 18.8%). The total retail portfolio rose 4.7% (1998 + 12.7%).

The weighted average lease length is now 19.7 years (1998 – 21.3 years), with 89% expiring after 31st March 2009. Of our total rent roll, 61% of rental income is derived from tenants ranked in FT 500 listings for the UK, Europe, USA or Global. Our top 100 tenants

are responsible for 87% of the UK rent roll. The current net yield is 6.3% (1998 – 6.2%). The reversionary net yield is 7.3% (1998 – 7.3%), an indication of growth to come in the future in addition to normal economic expansion. Guaranteed or fixed uplifts apply to 14% of British Land's rental income and there is still some £23.5 million of this rental uplift to come, most of it in the next three years. Properties held for development amounting to £302 million will add their contribution as rents begin. 92% of the portfolio has been purchased in the last ten years.

Development

We have stepped up our development activity. The Group's strategy of operating through joint ventures has been further expanded and we now have ten of these satellite operations which provide diversity of risk, financing and activity. Two of our newest joint ventures involve long-term phased development projects at Blythe Valley Park, Solihull, and at Cherrywood, near Dublin, totalling over 220,000 sq m net and an expenditure of almost £400 million. With our partners we expect to finance substantial elements independently and without direct recourse to British Land.

We continue to seek out additional new ventures and the Group has the management capacity, financing capability and the experience to undertake them effectively as stand alone activities.

We are seeking occupiers for our development programme in the City of London. At Plantation Place, Fenchurch Street, London EC3, where demolition has been carried out and where we have planning permission for a 61,000 sq m net office and retail complex, we are now engaged in preparatory works for this 1.02 hectare site. At 201 Bishopsgate, London EC2, construction is proceeding of the raft over the railway tracks to support a 63,000 sq m net office building, in partnership with Railtrack PLC. Other developments include the

'The glory that was RAM' – crystal chandeliers and plasterwork scrolls in the Duke's Hall. Opened in 1912 and recently refurbished, this is the setting in which musicians, singers and conductors hone the performance skills required for a professional career.

1 Arthur Sullivan, scholarship boy and a professor at 24, composed cantatas, comic operas and hymn tunes such as Onward Christian Soldiers. 2 Susan Bullock – seen as Madam Butterfly at the ENO. 3 Stradivari violin Cremona, 1694. 4 Dame Eva Turner, perhaps the greatest of dramatic sopranos.



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extension to the East Kilbride shopping centre and more construction at Regent's Place in the West End of London. Our current estimate of the cost of the Group's present development programme when committed in its entirety is £1,040 million.

The 9,000 sq m office development at Watling House, Cannon Street, London EC4, has been completed and more than half has already been let to CrestCo, the company operating the electronic settlement system for U.K. and Irish securities. We currently are well on the way to concluding negotiations with potential tenants for all the remaining space.

Finance

We achieve enhanced performance from leverage both through financing in the Group and separately in the joint ventures. British Land's own debt/equity ratio at the year-end was 83% (1998 – 75%), and the ratio of debt to property and investments was 43% (1998 – 41%). Operational gearing, taking account also of our proportion of the limited-recourse third party borrowings in the joint ventures, shows a debt/equity ratio of 96% (1998 – 82%) and a ratio of debt to property and investments of 46% (1998 – 45%). The joint venture debt is fully disclosed in Note 9, which provides also abbreviated accounts for each venture.

Our major financing event has been the post year-end £1.54 billion securitisation, arranged by Morgan Stanley Dean Witter and supported by cashflows from the Broadgate Estate. £1.54 billion – quite a large number – represents 73% of the value of the Broadgate assets which have been securitised, reflecting the quality and strength of the long-term underlying leases. 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. Our recent Broadgate building purchases (100 Liverpool Street, 155 and 175 Bishopsgate) were at yields of 7% while the funding cost of the securitisation is 6.15%.

During the year we also added a £110 million unsecured syndicated revolving facility arranged by WestLB Bank and, since the year-end, we increased the amount of the 135 Bishopsgate securitisation to £137.8 million.

Following successful completion of the securitisation we have pushed the weighted average maturity of our borrowings, excluding the joint ventures, out to 23 years (1998 – 19.9 years) and the weighted average interest rate is down to 7.3% (1998 – 8.49%).

Now I turn to a topical red herring – all the talk about marking debt to market has become an emotive subject. We do not treat derivatives as gambling chips, but employ these useful financial instruments to limit or avoid the unpredictability of sharp movements in variable interest rates. In a time of declining interest rates – itself a congenial climate for property financing – it therefore follows that debt fixed at higher rates in the past before the decline will be marked adversely.

The "marking to market" process gives no recognition to the worth of possessing long-term fixed rate debt, which may be paying higher than current market interest rates but be irreplaceable elsewhere if repaid. I must also stress that our fixed rate debt is serviced by particular asset purchases which were made at yields prevailing at the time and which provide us with a positive return, and in any event debt runs off with the effluxion of time to maturity. For those esoterically inclined, the current notional post-tax effect on net assets would be 57p per share, rising to 60p per share if our proportion of the joint ventures' debt is included.

The attic muso David Rattray, Instrument Custodian, in his rooftop lair. The Academy has one of the finest collections of stringed instruments in the world, including Stradivari and Amati violins and the famous 'Archinto' viola of 1696. Students regularly play them in concert and on record.

The Academy promotes a broad-church approach.
1 Sir Harrison Birtwistle is the current Director of Contemporary Music;
2 Edmundo Ros (seen with his Rhumbaleros) was a former student.
3 Cary Grant/Ingrid Bergman movie *Indiscreet*.
4 Scored by Richard Rodney Bennett, International Chair of Composition and Contemporary Music.







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Reflections on a musical career – David Strange (Head of Strings, former Principal Cellist with the Royal Philharmonic and Director of the RAM String Orchestra) conducts one of the popular lunchtime recitals. What prospects does the future hold for these promising young musicians?

The Academy both influences and reflects contemporary culture. 1 Michael Nyman – who composed the unforgettable score for *The Piano* – 2 conducted at its first Film Music Festival. Lesley Garrett 3 and Evelyn Glennie 4 are two former students whose fame has spread far beyond the mainstream.

Prospects

With stock markets at record levels, buoyed by low interest rates, the prospects for future growth from property look competitive and have intrinsic support. A further improvement in capital values may be due, especially for bond-like well-located assets with long leases and strong covenants, coupled with the “equity” element of upwards only rent reviews as the kicker.

We must strongly urge that one prospective element that should not be “upwards only” is the imposition of further Stamp Duty on property transactions, which at 3½% is now a major impediment to a free market. The impact does not even amount to a corresponding advantage for the Exchequer, as the valuations of entire property portfolios are blighted but only the transactions bear Duty. Indeed by further discouraging property sales which often involve the payment of Capital Gains Tax as well, the tax flow may be reduced.

The inability to unlock assets inhibits liquidity, harming the economy and users and investors alike. Occupiers’ requirements alter, and markets must have freedom and encouragement to respond to changes in employment and work. Institutional property investment provides the sums at maturity to fund the pensions and annuities of millions of long-term savers, and the Government does them a disservice by imposing an unfair and retrospective extra tax when their savings plans are already committed. The uncertainty about the future level of Stamp Duty vitiates long-term arrangements and is a killer.

Overall we look forward to a resumption of the stronger growth trend in the property market which we saw in the first half of 1998, but with the same caveat which I ventured last year, namely that there has to be some concern about extraneous international events whether social or economic.

Chairman’s Tributes

We greatly regret the untimely death of John Reynolds, BSc, FCA, a non-executive director aged 50 whose effective contributions to the Board will be much missed. We mourn his loss and express our sympathy to his family.

Stephen Kalman, FRICS, who joined the Company in 1972 and was appointed to the Board as an executive director in 1989 with primary responsibility for development, is retiring at the Annual General Meeting, but his skills will remain available to us as a consultant on a continuing basis. We wish to thank him for his contributions to – among other projects – the International Financial Services Centre and St. Stephen’s Green Shopping Centre in Dublin, and Plantation Place, the Corn Exchange, Watling House and Regent’s Place in London.

We have now set up a further management board to cover the financing aspects of our business, so that we are able to capitalise on the talents of our executive team with a particular emphasis on the up and coming. I am in debt to my colleagues on all our boards, to our staff, agents and professional advisers for their cohesive contribution to a very energetic year.



John Ritblat Chairman

4th June, 1999



Directors and Officers

The British Land Company PLC

• **John Ritblat**, F.S.V.A. CHAIRMAN AND MANAGING DIRECTOR
John Ritblat became Managing Director of Union Property Holdings (London) Ltd in August, 1969, and became Chairman and Managing Director of The British Land Company in 1971 following its merger with Union. He is Chairman of Milner Estates plc, the holding company of Conrad Ritblat and Co. of which he was a founder. He is Chairman and Chief Executive of The British Land Corporation Limited. Aged 63 years.

Cyril Metliss, F.C.A.

Cyril Metliss 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 75 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 67 years.

*†• **Peter Simon**, B.Sc., Ph.D., A.C.I.I.

Peter Simon became a non-executive Director of The British Land Company in November, 1987. Previously he held the positions of Deputy Group Chief Executive and Director of Legal & General Group Plc, and was also General Manager (Investment). He is Chairman of the Audit and Remuneration Committees. Aged 69 years.

The flight cases suggest the backstage area of a concert auditorium. In fact this is the Academy's collection of historic cellos, as lovingly tended as any archaeological artefact.

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

Stephen Kalman, a Chartered Quantity Surveyor and Building Surveyor, joined The British Land Company in March, 1972 and became responsible for development projects in the UK, France and Ireland, becoming Group Development Surveyor in July, 1980. He was appointed as an executive Director in November, 1988. Aged 60 years. He is retiring at the 1999 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 37 years.

*†• **Michael Cassidy**, B.A., M.B.A.

Michael Cassidy was appointed a non-executive Director of The British Land Company in January, 1996. He is senior partner of Maxwell Batley, Solicitors, specialising in commercial property. He was formerly Chairman of the Policy and Resources Committee of the Corporation of London. Aged 52 years.

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

Robert Bowden, a former senior partner of Conrad Ritblat & Co., joined The British Land Company in April 1992 as head of property investment and acquisitions. He was appointed an executive Director in June, 1997. He is Deputy Chairman of British Land Properties Limited. Aged 56 years.

Shen Adam, F.C.A.

Shen Adam joined British Land in 1996 as Managing Director of Broadgate Properties Plc. He was appointed an executive Director of The British Land Company in April, 1998. He is Deputy Chairman of British Land Developments Limited. Aged 52 years.

Secretary

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

* 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 Metliss Executive Vice-Chairman and John Weston Smith is Managing Director. In addition to the other executive directors of The British Land Company PLC, the Board also comprises the following:

I. N. Geoffrey Selwyn, B.Com. (Acc.), F.C.A., F.T.I.I. joined The British Land Company in 1970 following its merger with Union Property Holdings (London) Ltd. He is Head of Tax Planning. Aged 58 years.

Michael I. Gunston, F.S.V.A., I.R.R.V. joined The British Land Company in March 1975 and is the Chief Surveyor. Aged 55 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. Iddiols, B.Sc. (Est.Man.), F.R.I.C.S., F.S.V.A. joined The British Land Company in November 1984 and is the Deputy Chief Surveyor. Aged 53 years.

Anthony Braine, 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 42 years.

Lucinda M. Bell, M.A., A.C.A. joined The British Land Company in December 1991. She was appointed Head of Tax Administration in May 1999. Aged 34 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 49 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 33 years.

Stephen G. Spooner, B.Sc., F.R.I.C.S., F.S.V.A. joined The British Land Company in May 1988 as an Estates Surveyor. Aged 41 years.

Naren G. Raichura, F.C.C.A. joined The British Land Company in July 1975 and is the Group Accountant. Aged 50 years.

Anthony W. Adams joined The British Land Company in June 1982 and is the Group Management Accountant. Aged 46 years.

Peter Earl, B.Sc. joined The British Land Company in May 1989 and is Head of Information Technology. Aged 37 years.

Sarah M. Barzycki, M.A. joined The British Land Company in April 1998 and is a Corporate Services Executive. Aged 40 years.



Group Executive and Advisers

British Land Financing Limited

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

I. N. Geoffrey Selwyn, B.Com. (Acc.), F.C.A., F.T.I.I.
 Stuart Slack, F.C.A.
 Anthony Braine, LL.B., F.C.I.S.
 Lucinda M. Bell, M.A., A.C.A.
 Christopher M. J. Forshaw, F.C.A.
 Peter C. Clarke, F.C.I.S., Secretary
 Naren G. Raichura, F.C.C.A.
 Anthony W. Adams
 Peter Earl, B.Sc.
 Sarah M. Barzycki, M.A.
 Daniel M. Jones, M.A.A.T., A.C.A.
 Mike Jubb, B.Sc., Ph.D., C.Stat.
 Graham Lee, B.Sc., F.C.A., A.T.I.I.
 Jayesh Mehta, B.Sc., A.C.A., A.T.I.I.
 Jonathan C. Payne
 Claire N. Preston, B.A. (Econ.), A.C.A.

British Land Properties Limited

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

Michael I. Gunston, F.S.V.A., I.R.R.V.
 John H. Iddiols, B.Sc.(Est. Man.), F.R.I.C.S., F.S.V.A.
 Peter C. Clarke, F.C.I.S., Secretary
 Stephen G. Spooner, B.Sc., F.R.I.C.S., F.S.V.A.
 B. Desmond Morris, B.Sc.(Hons.), F.R.I.C.S.
 Steven J. Rickard, B.Sc., A.R.I.C.S.
 Bryan J. Lewis, B.Sc., M.Phil., A.R.I.C.S.
 Nicholas K. Bates, B.Sc., A.R.I.C.S.
 Timothy Roberts, B.Sc., A.R.I.C.S.
 Barry C. Winfield, M.Sc.

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 to the other executive directors of The British Land Company PLC, the Board also comprises the following:

Michael I. Gunston, F.S.V.A., I.R.R.V.
 Mark T. Wright, B.Sc., A.R.I.C.S.
 Nigel M. Webb, B.Sc.(Hons.), A.R.I.C.S.
 Adrian P. Penfold, B.A.(Hons.), M.R.T.P.I.
 Paul Burgess
 John P. Hayman, A.R.I.C.S.
 David W. Deuchars
 Secretary
 Peter C. Clarke, F.C.I.S.

Head Office Executive

Christopher G. Betts, B.Sc., A.R.I.C.S., Estates Surveyor
 Fiona J. Bowring, B.Sc., A.R.I.C.S., Estates Surveyor
 P. Anthony E. Bull, Construction Executive
 Bernadette M. Drinkwater, M.I.P.P.M. Dip., Group Payroll Manager
 Simeon M. Fox, M.A., Database Administrator
 Peter Saint Bernard, Property Management Accountant
 Rebecca Scudamore, B.A., Secretarial Assistant
 Stella A. Spence, B.A., A.C.I.S., Administration Manager

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, comprises the following:

Barry C. Winfield, M.Sc., Managing Director
 Michael I. Gunston, F.S.V.A., I.R.R.V.
 John H. Iddiols, B.Sc.(Est. Man.), F.R.I.C.S., F.S.V.A.
 Anthony W. Adams
 Robert L. Fisher, D.E.M., M.I.E.E.
 Robert S. Flood, M.B.A., M.A., M.Sc.
 John Sutherland, F.C.I.B.S.E., M.B.I.F.M.
 Secretary
 Peter C. Clarke, F.C.I.S.

Overseas

British Land Investments Netherlands Holding N.V.,
 Atrium Gebouw, Strawinskylaan 3085,
 1077ZX Amsterdam, The Netherlands
 Telephone (3120) 642 9848
 Fax (3120) 644 2806

Rutger J. Schimmelpenninck Joint Managing Director
 Paul Colligan, F.C.A., F.C.M.A. Joint Managing Director
 Arend J. van der Marel Joint Managing Director

Firmount Limited
 6 Fitzwilliam Place
 Dublin 2, Ireland
 Telephone (3531) 6768666
 Fax (3531) 6768699

Paul Colligan, F.C.A., F.C.M.A. Managing Director

Principal Bankers

National Westminster Bank Plc
 The Royal Bank of Scotland plc
 Barclays Bank PLC
 UBS AG
 The Bank of Tokyo – Mitsubishi, Ltd.

Stockbrokers

SBC Warburg Dillon Read
 1 Finsbury Avenue
 London EC2M 2PA

“There were some very good teachers, and lots of people I knew,” recalls Sir Simon Rattle of his time at the Academy. Here Iain Ledingham coaches Alison Chrissydes, a final-year undergraduate. Lessons learned in the conservatoire pay dividends in the years that follow.

Report of the Directors for the year ended 31st March, 1999

The directors submit their Report and Accounts for the year ended 31st March, 1999.

Results and Dividends

The results for the year are set out in the Consolidated Profit and Loss Account on page 30.

The directors recommend the payment of a final dividend of 7.07p per share payable on 25th August, 1999 to Ordinary Shareholders on the register at the close of business on 16th July, 1999.

Activities

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

Review of Business and Prospects

Development of the Group's activities and its prospects are reviewed in the Chairman's Statement and Operating and Financial Review on pages 5 to 13.

Properties

Changes in properties during the year and details of property valuations at 31st March, 1999 are shown in Note 8 on page 36.

Purchase of Own Shares

The Company was granted authority at the Annual General Meeting in 1998 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.

Share and Loan Capital

The issued share capital has been increased since 1st April, 1998 by fully paid issues as follows:

		No. of Ordinary Shares of 25p
15th April, 1998 to 14th January, 1999	On exercise of options under the 1984 Share Option Scheme	25,850
29th July, 1998	Scrip Dividend	2,311,413

Substantial Interests

As at 4th June, 1999 the Company had been notified of the following major interest in its issued ordinary share capital, disclosed to it in accordance with Sections 198 to 208 of the Companies Act 1985:

	No. of shares (m)	% of issued capital
Schroder Investment Management Ltd.	88.9	17.2

Reappointment of Directors

The directors listed on page 15, other than Mr. S. Adam, who was appointed on 8th April, 1998 and Mr. D. C. Berry who retired on 17th July, 1998, constituted the Board throughout the year, together with the late Mr. J. R. Reynolds.

Mr. S. L. Kalman is retiring at the 1999 Annual General Meeting and is not seeking re-election. Mr. J. H. Ritblat and Mr. M. J. Cassidy retire by rotation at the Annual General Meeting and are eligible for re-election; neither of these directors has a service contract with the Company.

Directors' Interests in Contracts

Except as stated in Note 21 on page 45, no contract subsisted during the year in relation to the Company's business in which any director was materially interested.

Directors' and Officers' Liability Insurance

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

Employee Share Scheme

Under The British Land Employee Share Scheme, formed pursuant to the terms of the Finance Act 1978, as amended, full time directors and employees who have served the Company for at least five years may receive allocations of Ordinary Shares of 25p each in the Company. The five-year service qualification may be reduced at the discretion of the directors in selected cases. 63,059 Ordinary Shares were allocated to 77 participants in August, 1998. 10,661 of these shares were allocated to the full time directors and are included in the total number of shares in which the directors have a beneficial interest shown on page 27.

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 81 employees and directors to purchase a total of 262,786 fully paid Ordinary Shares at prices of 323p, 355p, 481p and 544p per share, and normally exercisable during certain six month periods between 1st March, 2001 and 31st August, 2004. The options held by directors under this scheme are shown on page 28.

Share Option Scheme

Options are held by 29 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 1,647,877 fully paid Ordinary Shares at between 144p and 394p per share and exercisable between 10th April, 1995, and 22nd 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 4th June, 1999, options over 3,214,587 shares had been exercised by the above mentioned employees, and directors. The options held by directors under this scheme are shown on page 27.

Restricted Share Plan

The Company's Restricted Share Plan, which was approved by shareholders 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 of the Company. The Stock vests not earlier than three years after grant and only on attainment of a performance target, settled on advice from Bacon & Woodrow, consulting actuaries, and following consultation with the National Association of Pension Funds and the Association of British Insurers. Participants are entitled to receive interest on their stock from the date of grant until vesting. The interests of directors under this scheme are shown on page 28.

Employment Policy

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

£84,000 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 Year 2000 problem arises in computer systems and equipment that use only two digits to identify a year. Consequently, such systems and equipment may fail to operate reliably when handling dates after 31st December, 1999.

The Group has put in place a programme to address the potential adverse impact of the Year 2000 on its reporting systems and operations. The progress of this programme is regularly monitored and reviewed by a committee chaired by a director of the Company.

Reviews and subsequent tests have taken place of the internal computerised systems used within the Group for its financial operations and reporting, and those systems have been confirmed as Year 2000 compliant.

Reviews of lifts and other systems that use microchips in properties for which the Group is responsible have also been undertaken. Tests of such systems have now been virtually completed, and all material or critical systems have been confirmed as Year 2000 compliant to date.

The directors are satisfied that the programme undertaken is appropriate to ensure that the operations of the Group will not be materially adversely affected by the Year 2000 problem. The financial costs of the programme are not significant to the Group.

The Environment

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

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

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

Existing properties are managed in order to achieve a low environmental impact. This involves efficient maintenance

procedures, regular repairs and improvements. Assessments are undertaken of energy consumption, use of hazardous materials and materials with significant environmental impact. Recycling is encouraged. Hazardous materials revealed by inspection are removed and disposed of in accordance with the relevant regulations and requirements of duty of care.

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

Payments Policy

In the absence of dispute, amounts due to trade and other suppliers are settled as expeditiously as possible within their terms of payment. As at 31st March, 1999, there were 31 (1998 – 45) suppliers' days outstanding.

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 4th June, 1999.



Anthony Braine

Secretary

Music spans genres and generations at the Academy, with courses in jazz, musical theatre and, for the first time, music for films and television. 'The notion of mixing with so many instrumentalists to gain knowledge and inspiration is what makes this institution develop,' says percussionist Evelyn Glennie.





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 for the following:

- the full Board of directors comprised the Nomination Committee until March 1999 when that committee was reconstituted;
- the Code, which requires proxy votes to be announced, was published after the 1998 Annual Report was issued. It is intended that proxy votes will be indicated at the 1999 AGM;
- the Company does not at present have as an objective the reduction of directors' service contracts to one year (see Remuneration Report).

Board effectiveness

The directors listed on page 15, other than Mr. S. Adam, who was appointed on 8th April, 1998 and Mr. D. C. Berry who retired on 17th July, 1998, constituted the Board throughout the year, together with the late Mr. J. R. Reynolds. 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 is run by a team of directors, officers and staff numbering in all only 114 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. Mr. Peter Simon is the senior non-executive director and is chairman of both committees. The Nomination Committee, which is responsible for making recommendations to the Board on all new Board appointments, consists of the non-executive directors, together with Mr. J. H. Ritblat and Mr. J. H. Weston Smith.

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 acquisition of Broadgate, the creation of approximately £2 billion of joint ventures and the innovative £1.54 billion 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 25 to 28.

Relations with Shareholders

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

The AGM 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.

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

- a management reporting system which includes regular working capital reports and forecasts;
- regular reporting to the Board on property purchases, sales and portfolio management;
- regular reporting to the Board on financial and treasury matters;
- the regular review by Board and other Committees of the risk implications of matters such as new treasury products and major transactions;
- control of expenditure and progress on development projects;

The atmosphere of the Academy is relaxed and welcoming, laced with an intoxicating buzz of excitement. Here a cellist takes advantage of the informality of the rehearsal room to concentrate on her performance.

- a detailed authorisation process which ensures that no commitments are entered into without competent and proper authorisation by more than one approved executive;
- a defined schedule of matters reserved for decision by the Board; and
- the close involvement of the executive directors with the day to day operational matters of the Group.

The directors have reviewed the effectiveness of the Group's systems of internal financial controls.

The above comments are limited to internal financial controls, as permitted by the London Stock Exchange, pending publication of guidance for directors on the broader aspects of internal control.

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 financial controls, which is designed to meet the Group's particular needs and the risks to which it is exposed.



The Academy runs a highly successful course in musical theatre, stretching the boundaries of music, drama and dance. It bridges the gap between the acting singer and the singing actor.

Remuneration Report

The Remuneration Committee

The Remuneration Committee throughout the year, consisted of the Company's non-executive directors: Mr. Peter Simon (Chairman of the Committee), Mr. Michael Cassidy and the late Mr. John Reynolds.

Remuneration Policy

The Company's executive remuneration policy is a product of the requirements for operating as a large property company with entrepreneurial flair. The Company operates with a small, highly skilled, and experienced head office staff. The retention and motivation of staff of the calibre to manage and develop the business of the Company is fundamental to the Company's success. There are 7 executive directors and 37 head office executives managing total property funds of £7.7 billion. 18 members of this team have over 10 years service and 28 over 5 years.

The comparative group are the four other largest property companies, with reference also in the case of specialist appointments to comparative rewards in those specialities.

Components of Remuneration

Components of remuneration are:

- (i) basic salary;
- (ii) annual bonus where considered appropriate following appraisal of individual contribution made during the preceding year; and
- (iii) long term incentives.

The Company has an executive Share Option Scheme as approved by shareholders in General Meeting. Options are only granted at market value and are subject to a performance test which compares the growth in the Company's net asset value against the Capital Growth Index of the Investment Property Databank.

The Company operates a Restricted Share Plan which was approved by shareholders in General Meeting and is used to grant interests in shares in the Company to executives and executive directors.

Grants under these schemes are only made after due consideration of awards made and potential awards available, in order to avoid excessive potential rewards to any individual. Grants under the schemes are made having regard to the Combined Code's comments on spreading grants.

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

Contracts of Service

The only directors whose service contracts provide for notice periods in excess of one year are Messrs. N. S. J. Ritblat 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 property, investment banking and similar areas are in short supply and highly sought after. It is considered in the best interests 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.

Directors' Emoluments for the year ended 31st March, 1999

	Salary	Annual Bonus	Benefits	1999 Total	1998 Total
	£	£	£	£	£
J. H. Ritblat	574,460	200,000	12,281	786,741	580,004
C. Metliss	201,950	75,000	17,080	294,030	242,143
J. H. Weston Smith	275,790	50,000	20,105	345,895	277,714
D. C. Berry	87,696	10,000	4,940	102,636	219,793
P. Simon	25,000			25,000	22,500
S. L. Kalman	180,640	20,000	17,033	217,673	191,567
N. S. J. Ritblat	190,833	50,000	13,154	253,987	191,144
M. J. Cassidy	21,000			21,000	20,500
J. R. Reynolds	21,000			21,000	16,610
R. E. Bowden	186,278	20,000	16,053	222,331	139,882
S. Adam	159,390	5,000	19,387	183,777	
	1,924,037	430,000	120,033	2,474,070	1,901,857

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. Four executive directors, Mr. Kalman, Mr. N. Ritblat, Mr. Bowden and Mr. 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. Mr. Bowden and Mr. Adam are liable to income tax, which the Company has agreed to pay on their behalf, (known as pension related payments) on Company contributions paid into the FURBS. The Company has not paid any contributions to the FURBS to date. However the notional pension related payments accrued in the year 1998/99 were £14,000 and £9,000 for Mr. Bowden and Mr. Adam respectively.

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

The pension benefits earned during the year by Mr. Kalman, Mr. N. Ritblat, Mr. Bowden and Mr. Adam were as follows:

Name	Age at year end	Increase in accrued pension during the year £	Total accrued pension entitlement at year end £	Increase in accrued FURBS lump sum entitlement during the year £	Total accrued FURBS lump sum entitlement at year end £
S. L. Kalman	59	8,000	112,000		
N. S. J. Ritblat	37	6,000	36,000		
R. E. Bowden	55	2,000	13,000	24,000	105,000
S. Adam	52	2,000	7,000	17,000	48,000

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.
- 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 guaranteed 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 deferment.
- 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 deferment if a spouse's or dependant'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 deferment accrued lump sums are increased in line with statutory increases on pensions in deferment.

Directors and their Interests in Share and Loan Capital

Beneficial interests of the Directors in the Share and Loan Capital of the Company.

	Fully Paid Ordinary Shares in the Company		Options over Ordinary Shares in the Company				6% Irredeemable Convertible Bonds (£ nominal)		Rights to 6% Irredeemable Convertible Bonds under Restricted Share Plan (£ nominal)		12 ¹ / ₂ % Bonds 2016 (£ nominal)	
			Sharesave Scheme		1984 Option Scheme							
	31st March 1999	31st March 1998*	31st March 1999	31st March 1998*	31st March 1999	31st March 1998	31st March 1999	31st March 1998	31st March 1999	31st March 1998*	31st March 1999	31st March 1998
J. H. Ritblat	2,299,482	2,271,425	4,753	3,170	295,783	295,783		65,000	986,000	786,000		
C. Metliss	106,517	103,785	4,753	3,170								
J. H. Weston Smith	82,946	81,423	4,753	3,170	150,283	150,283		35,000	369,000	269,000		
P. W. Simon	27,223	23,804										
S. L. Kalman	47,654	45,621		1,792	48,329	48,329		76,000	69,000	69,000		
N. S. J. Ritblat	6,726	5,203	4,295	3,920	59,201	59,201		20,000	262,000	187,000		
R. E. Bowden	27,682	28,459	5,340	5,340	184,250	184,250			183,000	118,000	50,000	50,000
S. Adam	2,893	1,355	4,753	3,170					100,000	40,000		

*or date of appointment if after 31st March, 1998.

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. Ritblat		J. H. Weston Smith		S. L. Kalman		N. S. J. Ritblat		R. E. Bowden	
				1.4.98	31.3.99	1.4.98	31.3.99	1.4.98	31.3.99	1.4.98	31.3.99	1.4.98	31.3.99
10.4.92	170	10.4.95	9.4.2002					19,695	19,695				
10.4.92	144	10.4.97	9.4.2002					6,990	6,990				
6.7.94	380	6.7.97	5.7.2004					16,209	16,209			60,600	60,600
6.7.94	322	6.7.99	5.7.2004					5,435	5,435			20,200	20,200
6.7.94	380	6.7.97	5.7.2004					5,435	5,435			20,200	20,200
23.1.96	394	23.1.99	22.1.2006	132,418	132,418	60,092	60,092			11,244	11,244	103,450	103,450
23.1.96	394	23.1.2001	22.1.2006	163,365	163,365	90,191	90,191			47,957	47,957		
				<u>295,783</u>	<u>295,783</u>	<u>150,283</u>	<u>150,283</u>	<u>48,329</u>	<u>48,329</u>	<u>59,201</u>	<u>59,201</u>	<u>184,250</u>	<u>184,250</u>

No options were granted to or exercised by directors during the year. The options in *italics* are linked to a corresponding grant of options. Accordingly the exercise of one linked option over a number of shares automatically causes its counterpart to lapse in respect of the same number of shares; therefore the options in *italics* do not increase the total number of shares under option. The totals in the table reflect the number of shares under option.

All new grants of options are subject to a performance target which has been approved by the Association of British Insurers and the National Association of Pension Funds. The middle market quotation for the Ordinary 25p Shares of the Company at the close of business on 31st March, 1999 was 532p. The highest and lowest middle market quotations during the year to 31st March, 1999 were 781.5p and 428p.

(ii) Sharesave Scheme

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

				J. H. Ritblat			C. Metliss			J. H. Weston Smith			S. L. Kalman			N. S. J. Ritblat			R. E. Bowden			S. Adam		
Date Granted	Price p	Exercise Date	First Expiry Date	lapsed during year			lapsed during year			lapsed during year			lapsed during year			lapsed during year			lapsed during year					
				1.4.98	31.3.99		1.4.98	31.3.99		1.4.98	31.3.99		1.4.98	31.3.99		1.4.98	31.3.99		1.4.98	31.3.99		1.4.98	31.3.99	
1.3.96	323	1.3.2001	31.8.2001													3,204	3,204		5,340	5,340				
1.3.98	544	1.3.2001	31.8.2001										1,792	1,792	716	716								
1.3.98	544	1.3.2003	31.8.2003	3,170		3,170	3,170		3,170	3,170											3,170		3,170	
1.9.98	481	1.9.2001	28.2.2002													810								
1.9.98	481	1.9.2003	29.2.2004			3,586			3,586			3,586											3,586	
1.3.99	355	1.3.2002	31.8.2002													1,091								
1.3.99	355	1.3.2004	31.8.2004		4,753			4,753			4,753											4,753		
				3,170	4,753	6,756	3,170	4,753	6,756	3,170	4,753	6,756	1,792	1,792	3,920	4,295	1,526	5,340	5,340		3,170	4,753	6,756	

Messrs J. H. Ritblat, C. Metliss, J. H. Weston Smith and S. Adam were granted options over 3,586 ordinary shares each on 1st September, 1999, which subsequently lapsed.
No options 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) of the Company.

Date Granted	J. H. Ritblat		J. H. Weston Smith		S. L. Kalman		N. S. J. Ritblat		R. E. Bowden		S. Adam	
	1.4.98	31.3.99	1.4.98	31.3.99	1.4.98	31.3.99	1.4.98	31.3.99	1.4.98	31.3.99	1.4.98	31.3.99
15.12.97	£786,000	£786,000	£269,000	£269,000	£69,000	£69,000	£187,000	£187,000	£118,000	£118,000	£40,000	£40,000
17.7.98		£200,000		£100,000				£75,000		£65,000		£60,000
	£786,000	£986,000	£269,000	£369,000	£69,000	£69,000	£187,000	£262,000	£118,000	£183,000	£40,000	£100,000
Distribution in the year	£21,353	£55,460	£7,308	£20,290	£1,874	£4,140	£5,080	£14,333	£3,206	£9,778	£1,087	£4,890

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 amount distributed represents interest arising on the beneficial interest for the years ended 31st March, 1998 and 1999.

This report was approved by the Board on 4th June, 1999.

Peter Simon
Chairman of the Remuneration Committee

Report of the Auditors

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

We have audited the accounts on pages 30 to 46 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 46. We have also examined the amounts disclosed relating to the emoluments, share options, long-term incentive scheme interests and pension benefits of the directors which form part of the remuneration report on pages 25 to 28.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including, as described on page 24, the accounts. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange, 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 statement on pages 23 to 28 reflects the company's compliance with those provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of the company's corporate governance procedures or its internal controls.

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 1999 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
4th June, 1999

Consolidated Profit and Loss Account for the year ended 31st March, 1999

	Note	1999			1998 (restated, note 23)		
		Revenue £m	Capital £m	Total £m	Revenue £m	Capital £m	Total £m
Gross rental income		375.6		375.6	337.9		337.9
less share of joint ventures	9	(63.7)		(63.7)	(51.1)		(51.1)
Gross rental income – Group	1	311.9		311.9	286.8		286.8
Operating profit	1	290.9		290.9	268.6		268.6
Share of operating profits of joint ventures	9	64.5		64.5	51.2		51.2
Disposal of fixed assets (including £2.4m from joint ventures, 1998 – £10.3m)			0.8	0.8		24.9	24.9
Profit before interest		355.4	0.8	356.2	319.8	24.9	344.7
Net interest payable	3	(232.9)		(232.9)	(217.5)		(217.5)
Exceptional item	3		(68.0)	(68.0)			
Profit on ordinary activities before taxation		122.5	(67.2)	55.3	102.3	24.9	127.2
Taxation	4	(15.7)	13.1	(2.6)	(16.3)	(3.3)	(19.6)
Profit after taxation		106.8	(54.1)	52.7	86.0	21.6	107.6
Minority interest		(0.5)		(0.5)	(0.3)		(0.3)
Profit for the year		106.3	(54.1)	52.2	85.7	21.6	107.3
Preference dividend (non equity)					(3.9)		(3.9)
Profit attributable to ordinary shareholders		106.3	(54.1)	52.2	81.8	21.6	103.4
Ordinary dividends	5	(53.4)		(53.4)	(50.5)		(50.5)
Retained profit (loss) transferred to (from) reserves	18	52.9	(54.1)	(1.2)	31.3	21.6	52.9
<i>Basic and diluted pre exceptional earnings per share</i>	6	20.6p		20.6p	16.7p	4.5p	21.2p
<i>Basic and diluted earnings per share</i>	6	20.6p	(10.5p)	10.1p	16.7p	4.5p	21.2p
<i>Dividend per share</i>	5	10.3p			9.8p		

Balance Sheets as at 31st March, 1999

[illegible]

John Ritblat

John Weston Smith

Directors

Approved by the Board on 4th June, 1999

Other Primary Statements for the year ended 31st March, 1999

	1999 £m	1998 £m
Total Recognised Gains and Losses		
Profit for the year	52.2	107.3
Unrealised surplus on revaluation:		
– investment properties	133.1	463.2
– attributable to minority interest	0.8	(3.7)
– joint ventures	34.1	78.0
– other investments	4.5	0.5
	172.5	538.0
Exchange movements on net investments	1.0	1.6
Total recognised gains and losses	225.7	646.9
	1999 £m	1998 £m
Historical Cost Profits and Losses		
Profit on ordinary activities before taxation	55.3	127.2
Realisation of prior year revaluations	76.6	67.0
Historical cost profit on ordinary activities before taxation	131.9	194.2
Historical cost profit for the year retained after taxation, minority interest and dividends	75.4	119.9
	1999 £m	1998 £m
Reconciliation of Movements in Shareholders' Funds (excluding valuation surplus on development and trading properties)		
Profit attributable to shareholders	52.2	107.3
Dividends	(53.4)	(54.4)
Retained (loss) profit for the year	(1.2)	52.9
Revaluation of investment properties and investments (net of minority interest)	172.5	538.0
Exchange movements on net investments	1.0	1.6
	172.3	592.5
Shares issued	13.4	2.3
Increase in shareholders' funds	185.7	594.8
Opening shareholders' funds	2,932.1	2,337.3
Closing shareholders' funds	3,117.8	2,932.1

Group Cash Flow Statement for the year ended 31st March, 1999

	Note	1999 £m	1998 (restated, note 23) £m
Net Cash Inflow from Operating Activities	2	345.1	307.8
Dividends received from Joint Ventures		4.2	6.7
Return on Investments and Servicing of Finance			
Interest received		19.0	27.4
Interest paid		(211.7)	(204.8)
Dividends received		0.6	0.8
Preference dividends paid			(7.8)
		(192.1)	(184.4)
Taxation Paid		(1.9)	(14.8)
Net Cash Inflow from Operating Activities and Investments after Finance Charges and Taxation		155.3	115.3
Capital Expenditure and Financial Investment			
Purchase of investment properties and plant		(589.5)	(279.5)
Purchase of investments		(31.0)	(10.8)
Sale of investment properties and plant		219.9	234.9
Sale of investments		44.5	20.9
		(356.1)	(34.5)
Acquisitions and Disposals			
Purchase of a subsidiary company	10	(231.5)	
Investment in and loans to Joint Ventures		(125.6)	(430.4)
Sale of a subsidiary company		6.8	
Sale of shares in and loans repaid by Joint Ventures		147.3	235.1
		(203.0)	(195.3)
Equity Dividends Paid			(44.7)
Net Cash Outflow before Management of Liquid Resources and Financing		(403.8)	(159.2)
Management of Liquid Resources and Financing			
Decrease (increase) in term deposits		27.7	(47.6)
Issue of Ordinary Shares			2.4
Issue of Convertible Bonds			314.9
Repayment of Loan Stocks			(7.4)
Increase (decrease) in bank and other borrowings		410.7	(110.3)
		438.4	152.0
Increase (decrease) in Cash	14	34.6	(7.2)

Notes to the Financial Statements

1. Operating Profit

	1999 £m	1998 £m
Gross rental income	311.9	286.8
Rents payable	(7.3)	(7.9)
Other property outgoings	(8.1)	(12.5)
Net rental income	296.5	266.4
Profit on property trading (see below)	13.7	20.4
Other income	5.0	4.7
Administrative expenses	(24.3)	(22.9)
Operating profit	290.9	268.6
<i>Profit on property trading</i>		
Sale proceeds	62.2	66.5
Cost of sales	(48.5)	(46.1)
Profit on property trading	13.7	20.4
<i>In arriving at the operating profit the following items have been included:</i>		
Amortisation and depreciation	0.8	1.1
Auditors' remuneration for Audit services	0.7	0.7
Auditors' remuneration for other services	1.0	0.8
<i>Turnover</i>		
Turnover and profit are derived from continuing operations predominantly in the United Kingdom.		
<i>Staff costs (including Directors)</i>		
Wages and salaries	10.8	10.7
Social security costs	1.0	1.0
Pension contributions	1.0	1.4
	12.8	13.1

Average number of employees of the Group during the year was 401 (1998 – 401) of which some 287 (1998 – 267) were employed directly at the Group's properties and their costs recharged to tenants.

Details of the Directors' remuneration are given in the Remuneration Report on page 26.

2. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	1999 £m	1998 £m
Operating profit	290.9	268.6
Dividends received	(0.8)	(1.6)
Depreciation	0.8	1.1
Decrease in trading properties	39.1	31.2
Decrease in debtors	12.7	6.4
Increase in creditors	2.4	2.1
Net cash inflow from operating activities	345.1	307.8

3. Net Interest Payable and Exceptional Item

	1999 £m	1998 £m
British Land Group		
Payable on: bank loans and overdrafts	90.8	86.1
other loans	124.9	119.5
	215.7	205.6
Deduct: development cost element	(2.5)	(2.4)
	213.2	203.2
Receivable on: deposits and securities	(6.1)	(9.9)
loans to Joint Ventures	(19.3)	(21.8)
Total British Land Group	187.8	171.5
Share of joint ventures		
Interest payable on shareholder loans	19.3	21.8
Other interest payable (net)	25.8	24.2
Total share of joint ventures	45.1	46.0
Net interest payable	232.9	217.5
Exceptional item	68.0	

As announced on 12th April, 1999, the exceptional item relates to the termination of derivatives no longer required as a result of the £1,540 million Broadgate (Funding) PLC issue.

4. Taxation

	1999 £m	1998 £m
Revenue (effective rate 12.8% – 1998 15.9%)		
U.K. corporation tax	7.5	13.6
Tax on franked investment income	0.2	0.2
Deferred tax	2.1	3.6
Overseas tax	1.6	0.5
Attributable to joint ventures	2.4	1.1
Prior years adjustment	1.9	(2.7)
Revenue taxation	15.7	16.3
Capital taxation on exceptional item	(13.8)	
Capital taxation attributable to joint ventures	0.7	3.3
Capital taxation	(13.1)	3.3
Total taxation	2.6	19.6

The availability of capital allowances has reduced the effective tax rate.

5. Ordinary Dividends

	1999 pence	1998 pence	1999 £m	1998 £m
Interim paid (1999 – paid 6th April, 1999)	3.23	3.07	16.7	15.8
Proposed final	7.07	6.73	36.7	34.7
Total for year	10.30	9.80	53.4	50.5

The final dividend of 7.07p will be paid on 25th August, 1999 to shareholders on the register at close of business on 16th July, 1999. The ex-dividend date is 12th July, 1999.

6. Basic and Diluted Earnings per Share

	1999 pence	1998 pence
Earnings per share – Revenue	20.6	16.7
Earnings per share – Capital	(10.5)	4.5
Earnings per share – Total	10.1	21.2
Earnings per share – Exceptional item	10.5	
Earnings per share – Pre exceptional item	20.6	21.2
	1999 million	1998 million
Weighted average number of shares in issue	517.2	488.4

Earnings per share are based on profit attributable to ordinary shareholders.

Earnings per share on a pre exceptional basis are calculated by excluding the post tax effect (£54.2m) of the exceptional item described in Note 3.

7. Parent Company's results

Profit on ordinary activities after taxation attributable to parent was £140.2m (1998 – £17m).

8. Investment and Trading Properties

Investment 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.

	£m
On an open market basis – External valuations:	
United Kingdom: Weatherall Green & Smith	5,463.1
Republic of Ireland: Jones Lang LaSalle	112.5
Netherlands: CB Richard Ellis B.V.	1.0
	5,576.6
Lower of cost and net realisable value – Land held for development	4.6
Total investment and trading properties	<u>5,581.2</u>

Properties valued at £1,074.1m (1998 – £1,116.8m) were charged to secure Group borrowings. Cumulative interest capitalised in investment and trading properties amounts to £14.0m and £3.8m (1998 – £11.5m and £3.8m) respectively.

	Freehold £m	Leasehold		Total £m
		Long £m	Short £m	
<i>Investment properties</i>				
Valuation and cost 1st April, 1998	3,801.8	802.6		4,604.4
Exchange fluctuations	3.9			3.9
Additions	819.4	15.4		834.8
Disposals	(228.0)	(58.7)		(286.7)
Reallocations	32.8	(32.8)		
Revaluation	104.1	29.0		133.1
Valuation and cost 31st March, 1999	<u>4,534.0</u>	<u>755.5</u>		<u>5,289.5</u>
<i>Trading properties</i>				
At lower of cost and net realisable value				
31st March, 1999	<u>133.3</u>	<u>11.8</u>	<u>2.7</u>	<u>147.8</u>
<i>External valuation surplus</i>				
On development and trading properties				143.9
Total investment and trading properties				<u>5,581.2</u>

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 £4,041.5m (1998 – £3,413.9m).

9. Joint Ventures

	The Public House Company Ltd	BLT Properties Ltd	BL Universal PLC	BL Rank Properties Ltd	The Tesco British Land Property Partnership	Other Joint Ventures	British Land Share
All Joint Ventures are held equally on a 50:50 basis							
Date established	April 1995	November 1996	February 1997	August 1997	February 1998		
Accounting year end	31st March	20th December	31st March	31st December	20th December		
Summarised Profit and Loss Accounts	£m	£m	£m	£m	£m	£m	£m
Gross rental income	18.9	12.6	67.0	9.4	15.7	3.7	63.7
Net rental income	18.6	12.6	61.2	9.4	15.5	2.6	
Other (expenditure) income	(0.2)	(0.4)	(2.2)	(0.3)	(0.6)	12.8	
Operating profit	18.4	12.2	59.0	9.1	14.9	15.4	64.5
Net interest – external	(13.3)	(10.2)	(22.9)	(6.0)	0.3	0.6	(25.8)
– shareholders		(1.8)	(33.8)	(3.0)			(19.3)
Total interest (payable) receivable	(13.3)	(12.0)	(56.7)	(9.0)	0.3	0.6	(45.1)
Revenue profit before tax	5.1	0.2	2.3	0.1	15.2	16.0	
Capital profit before tax			4.7				2.4
Profit before tax	5.1	0.2	7.0	0.1	15.2	16.0	
Tax			(2.0)			(4.3)	(3.1)
Profit after tax	5.1	0.2	5.0	0.1		11.7	
Summarised Statement of Recognised Gains and Losses							
Profit for the year	5.1	0.2	5.0	0.1	15.2	11.7	
Revaluation	10.2	4.9	31.8	6.5	13.0	1.7	34.1
Total return	15.3	5.1	36.8	6.6	28.2	13.4	
Summarised Balance Sheets							
Investment properties at valuation	237.1	210.1	1,046.8	168.2	311.7	62.5	
Development properties at cost					57.2		
Total properties	237.1	210.1	1,046.8	168.2	368.9	62.5	1,046.8
Debentures			(294.6)				
Bank debt falling due within one year	(4.0)						
Bank debt falling due after one year	(154.1)	(134.5)	(180.0)	(113.0)			
Other net assets (liabilities)	1.0	(2.7)	(24.4)	(3.2)	2.1	4.1	
Total external assets (liabilities)	(157.1)	(137.2)	(499.0)	(116.2)	2.1	4.1	(451.6)
Net external assets	80.0	72.9	547.8	52.0	371.0	66.6	595.2
Represented by:							
Shareholder loans; funded equally at 31st March, 1999	1.0	18.3	327.3	45.4			196.0
Ordinary shareholders' funds/Partners' capital	79.0	54.6	220.5	6.6	371.0	66.6	399.2
Total Investment	80.0	72.9	547.8	52.0	371.0	66.6	595.2
Capital commitments	13.2	2.8	31.8		22.5	0.5	

All companies are English property investment companies unless otherwise stated. All information is as at or for the period to 31st March, 1999 unless otherwise stated.

9. Joint Ventures (continued)

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 property management (and in some cases the administration) and arrange separate financings.

Outline details of the joint ventures are set out below. Further information on the properties is shown in the portfolio notes on pages 53 to 56.

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 Public Houses let to Chef & Brewer (an operating subsidiary of Scottish & Newcastle plc).

The 319 public houses, totalling approximately 57,500 sq. m. of trading area, are predominantly in the South of England and are freehold. The joint venture arranged a 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. A further 14 pubs, with 3,500 sq. m. of trading area were acquired for £13 million after the year end, mainly funded by a further drawing of the bank loan.

At 31st March, 1999 the effect of derivatives was to fix 92% of the variable interest rate of the loan. The excess of market value over book value of the debt and derivatives at 31st March, 1999 amounted to £17.5 million.

BLT Properties Limited

This 50:50 joint venture with Tesco plc, which was established in November 1996 owns the following properties which were acquired from the parties: Harlech Retail Park, Newport; Marsh Mills Retail Park, Plymouth; Tesco Distribution Centre and Christian Salvesen Distribution Centre, Southampton; Tesco Metro, Southend-on-Sea and 9 Tesco Superstores totalling approximately 53,100 sq. m.

The company arranged a seven year £140 million bank loan to fund a substantial proportion of the purchase; the balance was funded through shareholder loans and equity. Recourse on the bank loan to each shareholder is limited to £12 million.

At 31st March, 1999 the effect of derivatives was to fix 94% of the variable interest rate of the loan. The excess of market value over book value of the debt and derivatives at 31st March, 1999 amounted to £11.4 million.

BL Universal PLC

This 50:50 joint venture with The Great Universal Stores P.L.C. was established in February 1997 when it acquired 982 properties from the GUS group. Since then 580 properties have been sold and the funds from sales have been reinvested. Significant investments during the year include Westgate Retail Park, Wakefield, The Beehive Centre, Cambridge and a 50% interest in the Microsoft Campus at Thames Valley Park, Reading in association with Teachers, the US Pension Fund.

The BLU portfolio of some 400 properties is predominantly retail with properties widely spread across the United Kingdom, consisting of prime high street shops, shopping centres, supermarkets and retail warehouse parks. The balance being offices located in Thames Valley Park, and Houndsditch, City of London.

At 31st March, 1999 the company was financed by £300 million debentures and a £180 million bank loan together with shareholder loans and equity. The 6¾% debentures were issued in March 1998, one of £100 million due in 2011 and a further £200 million due in 2020. The average life of these debentures is 18 years. In November 1998 the company arranged an unsecured £180 million bank loan with a term of 7.5 years. These loans are without recourse to the shareholders.

Since the year end the company has arranged a further £60 million, 10 year secured bank loan. The principal security is The Beehive Centre, Cambridge. The shareholders have each provided interest shortfall guarantees of £0.5 million.

At 31st March, 1999 taking into account the effect of derivatives 83% of debt was fixed, the balance being capped. The excess of market value over book value of the debt and derivatives at 31st March, 1999 amounted to £17.7 million.

BL Rank Properties Limited

The establishment of this 50:50 joint venture with The Rank Group Plc was announced in August 1997, and the initial property purchases completed on 26th March, 1998.

The 22 properties, which are 96% let to Rank, are all leisure except for Chandlers Wharf, Stockton-on-Tees which is mixed leisure and retail. There are 6 multi-leisure properties totalling approximately 50,800 sq. m. at Bromborough, Huddersfield, Leicester, Southampton, Stoke-on-Trent and Telford; a leisure park in Glasgow of around 11,800 sq. m.; 2 cinemas; a retail/leisure park at Stockton-on-Tees; 12 bingo clubs totalling approximately 40,000 sq. m. at: Beckton, Birmingham, Blackpool, Bristol, Glasgow (The Forge), Glasgow (Axis West), Hartlepool, Hull, Liverpool, Manchester, Swansea and Wandsworth.

The purchase was funded by a seven year bank loan of £113 million, shareholder loans and equity. The recourse to each shareholder on this bank loan is limited to £5 million.

At 31st March, 1999 the effect of derivatives was to fix 89% of the variable interest rate of the loan. The excess of market value over book value of the debt and derivatives at 31st March, 1999 amounted to £6.8 million.

The Tesco British Land Property Partnership

The 50:50 partnership with Tesco plc was established on 27th February, 1998 and acquired retail properties from both partners.

The partnership owns shopping centres at Leicester, Northampton and Lisburn and Londonderry, Northern Ireland, two retail parks at Milton Keynes and Bury and 5 Tesco superstores comprising 36,100 sq. m.. In February 1999 the partnership completed, on time, the development of the 27,900 sq. m. Serpentine Green, Peterborough out of town shopping centre. Lettings are progressing in accordance with plan. All the centres and both retail parks are anchored by Tesco.

During the year British Land contributed superstores at Bromley-by-Bow and Ferndown (Dorset) in addition to the existing ones at Neasden (London NW10), Bursledon (Southampton) and Maidstone. Extensions are currently being carried out at Londonderry and Bursledon.

The principal place of business of the partnership is Cirrus Buildings, P.O. Box 400, Shire Park, Welwyn Garden City AL7 1AB.

Other Joint Ventures comprise

Custom House Docks Development Company Limited (Republic of Ireland): This Irish company was established in August 1987 to develop the government of the Republic of Ireland's International Financial Services Centre on an 11 hectare site in the City of Dublin. The programme is virtually complete. The company is owned equally with Hardwick Limited (an Irish developer). To date some 100,000 sq. m. of offices and retail space, 333 apartments, a car park and an hotel have been developed and profitably sold.

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 is The Peacocks Centre, Woking, Surrey.

9. Joint Ventures (continued)**Cherrywood Properties Limited (Republic of Ireland) – post year end**

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

The overall master plan envisages a development of 148,000 sq. m.. The first phase is a 70,000 sq. m. Science and Technology Park currently being developed in partnership with the local authority, Dun Laoghaire Rathdown County Council. Further phases of the 147 hectare site will include retail, offices, hotels, restaurants and leisure, including a golf course.

The initial cost of the investment is IR£33.5 million. It is expected that development expenditure will be funded by a mixture of bank loans and shareholder loans. In addition, British Land has agreed to invest £5.1 million in shares (representing 5%) of Dunloe Ewart Plc.

The movement over the year:

Parent		Group		
£m		Equity £m	Loans £m	Total £m
102.4	At 1st April, 1998	304.4	260.3	564.7
86.8	Additions	46.1	75.2	121.3
(69.0)	Disposals		(139.5)	(139.5)
	Share of profit attributable to joint ventures (net of dividend)	14.6		14.6
	Revaluation	34.1		34.1
<u>120.2</u>	At 31st March, 1999	<u>399.2</u>	<u>196.0</u>	<u>595.2</u>

The historical cost of joint ventures is £479.8m (1998 – £483.5m).

The amount of £120.2m includes £94.0m of loans to joint ventures by the parent.

10. Other Investments

Parent £m		Group £m
56.5	At 1st April, 1998	68.3
0.3	Additions	76.9
(45.1)	Disposals	(47.9)
	Revaluations	4.5
<u>11.7</u>	At 31st March, 1999	<u>101.8</u>
6,683.3	Investment in subsidiaries (see below)	
<u>6,695.0</u>	Total other investments	<u>101.8</u>

Other Group investments includes 9.4% of the issued share capital of Selfridges plc, with a market value of £35.8 million at 31st March, 1999.

For the year ended 31st March, 1999 dividends and interest from other investments amounted to £2.9m (1998 – £4.2m).

The Group additions include a non cash movement of £45.9m (1998 – £45.0m).

The historical cost of other Group investments is £96.8m (1998 – £64.3m).

Shares in subsidiaries are included at cost or directors' valuation in 1977, 1995, 1997 and 1999, to take account of their underlying net asset value; their historical cost is £2,981.4m (1998 – £2,988m).

	Parent only		Total £m
	Shares in Subsidiaries £m	Loans to Subsidiaries £m	
At 1st April, 1998	3,002.9	2,740.5	5,743.4
Additions	0.1	918.7	918.8
Exchange fluctuations	(6.7)		(6.7)
Revaluation	27.8		27.8
At 31st March, 1999	<u>3,024.1</u>	<u>3,659.2</u>	<u>6,683.3</u>

Acquisition of Broadgate (Phase 3) Plc

On 30th December, 1998 the Group acquired Broadgate (Phase 3) Plc, owner of 100 Liverpool Street, London EC2. Consideration is made up as follows:

	1999 £m
Investment properties	240.1
Net current liabilities	(43.6)
Net assets acquired	196.5
Repayment of loan	35.0
Settled by cash	<u>231.5</u>

10. Other Investments (continued)

Principal operating subsidiaries are:

EXECUTIVE	The British Land Corporation Limited*
	British Land Developments Limited
	British Land Financing Limited*
	British Land Properties Limited*
PROPERTY	Adamant Investment Corporation Limited
	Bayeast Property Company Limited
	B.L. Holdings 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 15a) Limited
	Broadgate Properties Plc
	City Wall (Holdings) Limited
	Cleartest Limited
	Clarendon Property Company Limited
	Derby Investment Holdings Limited*
	Finsbury Avenue Estates PLC
	Jason Estates Limited
	Seahurst Properties Limited
	The Equitable Debenture & Assets Corporation Limited
	Union Property Corporation Limited
	Union Property Holdings (Investments) Limited
	Union Property Holdings (London) Limited*
Netherlands	British Land Investments Netherlands Holdings N.V.
Republic of Ireland	Firmount 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.

11. Debtors

Parent		Group	
1999 £m	1998 £m	1999 £m	1998 £m
		Trade debtors	16.2
2,050.8	351.5	Amounts owed by group companies	26.4
4.4	2.3	Amounts owed by Joint Ventures	10.4
4.4	3.6	Corporation tax	2.3
2.7	6.6	Prepayments and accrued income	6.5
2,062.3	364.0		11.3
			33.1
			40.0

12. Creditors Due Within One Year

Parent		Group	
1999 £m	1998 £m	1999 £m	1998 £m
		Debentures and loans (note 14)	1.7
1.5	2.3	Overdrafts (note 14)	2.1
103.1	94.4	Bank loans (note 14)	1.5
3.8	2.5	Trade creditors	2.3
4,455.1	2,423.8	Amounts owed to group companies	103.1
		Corporation tax	95.6
0.3	1.5	Other taxation and social security	114.7
34.5	37.3	Accruals and deferred income	47.4
38.0		Dividends (paid 6th April, 1999)	25.6
36.7	34.7	Proposed final dividend	4.5
4,673.0	2,596.5		109.9
			38.0
			36.7
			435.7
			310.4

13. Creditors Due After One Year

Parent		Group	
1999 £m	1998 £m	1999 £m	1998 £m
873.5	873.4	Debentures and loans (note 14)	984.4
1,275.3	866.9	Bank loans (note 14)	986.0
		Minority interest	1,275.3
		Deferred taxation	867.5
2,148.8	1,740.3		12.0
			12.3
			11.8
			2,271.7
			1,877.6

14. Net Debt

The Treasury Function

The Group finances its operations by a mixture of equity, convertible bonds, public and private debt issues 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 lowest achievable cost and minimal risk. Significant impacts on these requirements are made by property purchases, sales, developments and debt repayments.

No speculative treasury transactions are undertaken.

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 funds which are expected to remain outstanding for the longer term (over ten years) and shorter term (under ten years) funds that provide flexibility of repayment and redrawing at no penalty. Funding risk is spread by using a range of banks and a variety of sources of finance e.g. equity capital markets, fixed income capital markets in different countries and therefore economies. Maturity risk is spread by avoiding bunching of repayment dates and extending and expanding bank facility terms. All Group bank borrowings are unsecured and on standard terms.

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 a maximum of 20% of debt, regularly less, at variable rates. In determining the appropriate level of variable rate debt, future property and financing transactions, which have a substantial impact on debt levels, as well as the Group's gearing are carefully considered. Exceptionally, when major transactions are anticipated the amount of variable rate debt may rise above 20%.

The use of derivatives is managed and reviewed by a Derivatives Committee which includes two 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 £2,000 million of debt.

Foreign Currency Management

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

Balance Sheet Management

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, placed having regard to the standing of the counterparty and the appropriate rate of return.

Activity since 1st April, 1998

At the beginning of the year the Group net debt was £2,297.7 million of which 10% was at a variable interest rate, the balance being at fixed or capped rates. Available undrawn facilities were £922.6 million. Debt and facilities due to expire in the year amounted to £143.1 million.

During the year the Group invested some £800 million at Broadgate, its core City holding. With sales and other additions and development expenditure, the increase in debt was £410.5 million to total net debt at £2,708.2 million. These additions were financed by drawing down revolving variable rate bank lines and entering into new derivatives to fix or cap the interest rate exposure on the debt.

Facilities have been increased in the year by arranging a new £110 million, unsecured, seven-year revolving syndicated bank facility with West LB. This finance was principally provided by German and other European banks, accessing a new source of finance for the Company. The ongoing process of renewing and extending bank lines has continued.

In April 1999, the Group announced the launch of the £1,540 million fixed rate Broadgate (Funding) PLC Notes. The proceeds of the securitisation are being used to repay bank debt on revolving facilities, which are then available for redrawing. As part of the securitisation, surplus derivatives which previously hedged bank debt have been closed out resulting in the £68 million exceptional item. Following this innovative financing the Group debt is predominantly fixed, although it is expected that the position will revert to a proportion of variable rate in the near term.

Average debt maturity has increased from 19.9 years at March 1998 to 23 years currently. Cash and available undrawn facilities now amount to £2,200 million.

14. Net Debt (continued)

Parent		Maturity Analysis of net debt	Group			Maturity of committed undrawn borrowing facilities	Group		
1999 £m	1998 £m		Proforma* £m	1999 £m	1998 £m		Proforma* £m	1999 £m	1998 £m
104.6	96.7	Repayable:	27.0	106.3	100.0	Expiring:	213.4	110.9	42.6
256.2	45.0	within one year and on demand	85.3	258.6	47.8	Within one year	382.9	177.9	83.5
934.2	696.2	between: one and two years	159.1	943.0	704.2	between: one and two years	433.0	108.0	342.1
498.6	538.7	two and five years	671.7	522.3	560.8	two and three years	450.0	40.0	113.6
1.7	1.7	five and ten years	236.8	32.4	29.8	three and four years	219.0	59.0	232.0
150.0	150.0	ten and fifteen years	356.2	195.3	192.7	four and five years	150.9	123.4	108.3
147.6		fifteen and twenty years	322.8	147.6	9.5	over five years	<u>1,849.2</u>	<u>619.2</u>	<u>922.1</u>
229.9	377.4	twenty and twenty five years	462.3	229.9	377.4	Total			
		twenty five and thirty years	382.2						
246.5	246.4	thirty and thirty five years	246.5	246.5	246.4				
146.5	146.5	thirty five and forty years	146.5	146.5	146.5				
2,715.8	2,298.6	Irredeemable	3,096.4	2,828.4	2,415.1	Interest Rate and Currency Profile – including effect of derivatives	Proforma* £m	1999 £m	1998 £m
(105.1)	(110.7)	Gross debt	(320.2)	(120.2)	(117.4)	Fixed rate	2,769.1	2,046.1	1,819.2
2,610.7	2,187.9	Less cash and deposits	<u>2,776.2</u>	<u>2,708.2</u>	<u>2,297.7</u>	Capped rate		250.0	250.0
		Net debt				Variable rate	7.1	412.1	228.5
						Net debt	<u>2,776.2</u>	<u>2,708.2</u>	<u>2,297.7</u>
Parent		Net Debt Comprises:	Group						
1999 £m	1998 £m		Note	1999 £m	1998 £m				
		Creditors due within one year	12						
		Debentures and loans		1.7	2.1				
1.5	2.3	Overdrafts		1.5	2.3				
103.1	94.4	Bank loans		103.1	95.6				
104.6	96.7			<u>106.3</u>	<u>100.0</u>				
		Creditors due after one year	13						
873.5	873.4	Debentures and loans		984.4	986.0				
1,275.3	866.9	Bank loans		1,275.3	867.5				
2,148.8	1,740.3			<u>2,259.7</u>	<u>1,853.5</u>				
2,253.4	1,837.0	Debt before Convertible Bonds		2,366.0	1,953.5				
462.4	461.6	Convertible Bonds	15	462.4	461.6				
2,715.8	2,298.6	Gross debt		<u>2,828.4</u>	<u>2,415.1</u>				
(70.2)	(42.4)	Cash		(81.9)	(48.1)				
(34.9)	(68.3)	Term deposits		(38.3)	(69.3)				
(105.1)	(110.7)	Total cash and deposits		<u>(120.2)</u>	<u>(117.4)</u>				
2,610.7	2,187.9	Net debt		<u>2,708.2</u>	<u>2,297.7</u>				

On a proforma basis the weighted average interest rate of the Sterling fixed rate debt is 7.3% with a weighted average fixing period of 23 years.

All the above debt is Sterling except for £112.7m (1998 – £93.7m) of Irish debt of which £75.0m (1998 – £50.4m) is fixed and the balance floating. At 31st March, 1999 the weighted average interest rate of the sterling fixed rate debt is 8.24%. The weighted average period for which the rate is fixed is 21.9 years. The Irredeemable Convertible is treated as having a life of 100 years for this calculation. The weighted average interest rate of the Irish fixed rate debt is 3.81% and the weighted average period for which the rate is fixed is 4.2 years. The floating rate debt is set for periods of the Company's choosing at the relevant LIBOR (or in the case of Irish debt EURIBOR) rate.

* Proforma figures are presented to show the effect of the £1,540 million Broadgate (Funding) PLC Notes issued on 14th May, 1999 and the derivative close out costs of £68 million.

14. Net Debt (continued)**Comparison of market values and book values at 31st March, 1999**

	Book Value £m	Market Value £m	Difference £m
Long term fixed rate debt	986.1	1,354.6	368.5
Bank debt (net)	1,259.7	1,259.7	
Convertible debt	462.4	541.8	79.4
Continuing derivatives		(28.3)	(28.3)
Net debt	<u>2,708.2</u>	<u>3,127.8</u>	<u>419.6</u>
Derivatives provision – closed out derivatives	<u>68.0</u>	<u>68.0</u>	

The market value and difference are shown before any tax relief. The difference between book value and market value on the convertibles arises principally from the British Land share price.

In accordance with accounting standards book value of the debt is par value net of amortised issue costs. The valuation of 135 Bishopsgate Securitisation 2018 has been undertaken by Greenwich NatWest. The valuation of other long term fixed rate debt and convertible debt has been undertaken by Warburg Dillon Read. 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 adviser Record Treasury Management.

15. Convertible Bonds**6½% Convertible Bonds 2007**

The £323 million 6½% 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 17th 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 (1998 – 500p) per share. The Company has the right to redeem, at its discretion, the Bonds at par if after 9th April, 2001 the average ordinary share price attains 130% of the conversion price for a 30 day period and after 9th April, 2008 without conditions. The Company 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. Share Capital

		Ordinary Shares of 25p each
Authorised 1st April, 1998		746,600,000
Increase		52,600,000
Authorised 31st March, 1999		<u>799,200,000</u>
	£m	
Issued and fully paid 1st April, 1998	128.9	515,646,661
Issues	0.6	2,337,263
Issued and fully paid 31st March, 1999	129.5	<u>517,983,924</u>

Further details of share issues are included in the Directors' Report.

At 31st March, 1999 – 1,910,663 Ordinary Shares were outstanding under the Share Option Schemes.

£200,000 6% Cumulative Redeemable Convertible Preference Shares of £1 each are also authorised.

17. Net Asset Value per Share

	Shares m	1999 Net Assets £m	Shares m	1998 Net Assets £m
<i>Net asset value (undiluted)</i>				
Shareholders' funds as shown on Balance Sheet	<u>518.0</u>	<u>3,117.8</u>	<u>515.6</u>	2,932.1
Valuation surplus on development and trading properties		<u>143.9</u>		119.9
Net assets attributable to Ordinary Shares		<u>3,261.7</u>		<u>3,052.0</u>
Net Asset Value per Share (undiluted)		<u>630p</u>		<u>592p</u>
<i>Fully diluted net asset value</i>				
Net assets attributable to Ordinary Shares	<u>518.0</u>	<u>3,261.7</u>	515.6	3,052.0
Adjust to fully diluted on conversion of:				
6% Irredeemable Convertible Bonds	<u>30.0</u>	<u>146.5</u>	30.0	146.5
6½% Convertible Bonds 2007	<u>48.1</u>	<u>315.9</u>	48.1	315.1
Net assets attributable to fully diluted Ordinary Shares	<u>596.1</u>	<u>3,724.1</u>	<u>593.7</u>	<u>3,513.6</u>
Fully diluted net asset value per share		<u>625p</u>		<u>592p</u>

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.

18. Reserves

Parent						Group				
Share Premium £m	Other Reserves £m	Revaluation Reserve £m	Profit and Loss Account £m	Total £m		Share Premium £m	Other Reserves £m	Revaluation Reserve £m	Profit and Loss Account £m	Total £m
1,091.7	9.8	55.9	292.3	1,449.7	At 1st April, 1998	1,091.7	(6.1)	1,271.2	446.4	2,803.2
12.8				12.8	Issues and conversion	12.8				12.8
			86.8	86.8	Retained profit (loss)				(1.2)	(1.2)
					Realisation of prior year revaluations			(76.6)	76.6	
		27.8		27.8	Current year revaluation			171.7		171.7
					Current year revaluation due to minority shareholders			0.8		0.8
	(8.2)			(8.2)	Exchange movements on net investments		(1.8)	1.9	0.9	1.0
1,104.5	1.6	83.7	379.1	1,568.9	At 31st March, 1999	1,104.5	(7.9)	1,369.0	522.7	2,988.3

The cumulative amount of goodwill written off against Other Reserves of the Group is £14.6m (1998 – £14.6m).
Included in Other Reserves is £0.2m of Capital Redemption Reserve.

19. Capital Commitments

	1999 £m	1998 £m
Contracted (including share of joint ventures)	<u>182.3</u>	<u>140.3</u>

20. Contingent Liabilities

It is estimated that, in the event of the realisation of all properties and fixed asset investments at book value, the liability for tax, after capital losses and available reliefs at 31st March, 1999 would not be more than £202m and at the total value of properties as shown in note 8, £245m (1998 – £182m and £213m respectively).

Contingent liabilities of the Parent for guarantees to third parties amounted to £33.0m (1998 – £33.0m).

21. Disclosure of Interests and Related Parties

Mr John Ritblat is Chairman of and has a 1.533% interest in Milner Estates Plc which is the holding company of Conrad Ritblat and Colliers Erdman Lewis 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 note 9 to the accounts. During the year the Group received a management fee of £1 million from BL Universal PLC.

22. Pensions

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

The pension cost relating to the Scheme has been determined in accordance with SSAP 24 by consulting actuaries Bacon & Woodrow using the results of calculations as at 31st March, 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 31st 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 31st March, 1999 were £739,000 (1998 – £1,110,000). The Company's contributions over the year were based on the results of the valuation of the Scheme at 31st 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 £1.0m (1998 – £1.4m).

23. 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. FRS9 on 'Associates and Joint Ventures' is now effective. The comparatives have been restated accordingly.

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.

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 net of rental income provided the directors consider it prudent 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 either nine months after practical completion or when two thirds of the anticipated gross income becomes receivable, whichever is the earlier.

Capital Instruments and Interest Rate Derivatives

Capital 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 retired 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.

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 except to the extent that directors consider that a liability to taxation is unlikely to crystallise in the foreseeable future.

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the exchange rate at the balance sheet date or the contracted rate where hedged. Transactions in foreign currencies are translated at the rate ruling at those dates or the contracted rate where hedged. Exchange fluctuations on net investments overseas are taken to other reserves.

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.

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 16th July, 1999, at 11.30 am for the following purposes:

- 1 To receive the Report of the Directors and audited Accounts for the year ended 31st March, 1999.
- 2 To declare a Final Dividend for the year ended 31st March, 1999.
- 3 To re-elect Mr. John Ritblat as a director.
- 4 To re-elect Mr. Michael Cassidy 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 17th July, 1998 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 Braine
Secretary

4th June, 1999
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 1999."
- 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 16th July, 1999:
 - 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 9th June, 1998 to 4th June, 1999; 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 1999

	Number of Shareholders	%	Number of Shares	%
1 – 1,000	5,528	49.53	2,622,881	0.51
1,001 – 5,000	3,769	33.77	8,220,519	1.59
5,001 – 20,000	852	7.63	8,612,798	1.66
20,001 – 50,000	317	2.84	10,458,389	2.02
Over 50,000	695	6.23	488,069,337	94.22
	11,161	100.00	517,983,924	100.00
Individuals	5,631	50.45	10,566,104	2.04
Banks or nominees	4,100	36.74	488,538,193	94.32
Insurance companies	20	0.18	8,343,153	1.61
Other companies	534	4.78	7,575,604	1.46
Pension trusts	8	0.07	1,516,547	0.29
Local/National authorities and other institutions	868	7.78	1,444,323	0.28
	11,161	100.00	517,983,924	100.00

Individual Savings Accounts (ISAs) and Sharedealing 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 of ISAs and the sharedealing service may be obtained from: Barclays Stockbrokers, Product Information Department, Tay House, 300 Bath Street, Glasgow G2 4JR. Telephone: 0345 777400 (All calls are charged at local rates and can only be accessed from the UK. Calls may be tape recorded and/or monitored).

Barclays Stockbrokers is the Group name for the businesses of Barclays Stockbrokers Limited and Barclays Bank Trust Company Limited. Barclays Stockbrokers Limited is a member of the London Stock Exchange and is regulated by the SFA. Registered in England, Reg No. 1986161. Registered Office: 54 Lombard Street, London EC3P 3AH. Barclays Bank Trust Company is regulated by IMRO and the Personal Investment Authority. A member of the Barclays Marketing Group. Registered in England, Reg. No. 920880. Registered Office: 54 Lombard Street, London EC3P 3AH.

Head Office and Registered Office

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

Financial Calendar

Dividends on Ordinary shares

Interim Ordinary	declared December
Final Ordinary	declared June

Interest payments

The British Land Company PLC:

6% Subordinated Irredeemable Convertible Bonds	26th March, 26th September
6½% Convertible Bonds 2007	17th May, 17th November
8½% Bonds 2023	25th March, 25th September
8½% First Mortgage Debenture Bonds 2035	24th March, 24th September
9½% First Mortgage Debenture Stock 2028	31st March, 30th September
10½% First Mortgage Debenture Stock 2019/24	31st March, 30th September
10¼% Bonds 2012	26th March
11½% First Mortgage Debenture Stock 2019/24	31st March, 30th September
12½% Bonds 2016	25th March, 25th September

United Kingdom Property Company PLC:

8½% Loan Stock 2000/05	30th June, 31st December
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Broadgate (Funding) PLC:

Class A1 Fixed Rate Unsecured Notes due 2024	H I S T O R Y	
Class D Fixed/Floating Rate Unsecured Notes due 2014		
Class A2 5.67% Unsecured Notes due 2029		
Class A3 5.7125% Unsecured Notes due 2031		5th January, 5th April
Class B 6.0875% Unsecured Notes due 2031		5th July, 5th October
Class C2 6.4515% Unsecured Notes due 2032		
6.5055% Secured Notes due 2038		
Class C1 6.7446% Unsecured Notes due 2014		

Taxation of Capital Gains

The market value at 31st March, 1982 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 6DA
Telephone 01903 502541

Highlights

British Land Group

1. Property Purchases

The Broadgate purchases

Ground rent interests at Broadgate, London EC2:

135 Bishopsgate (17.5%), 155 Bishopsgate (16.6%),

175 Bishopsgate (6%), Exchange House (9.7%),

199 Bishopsgate (6%) for

£140.0 m

175 Bishopsgate, known also as 1 Exchange Square,

the 35,700 sq m headquarters of the European Bank

for Reconstruction and Development for

£206.0 m

100 Liverpool Street and 8/12 Broadgate, the 35,500 sq m

offices of Warburg Dillon Read for

£240.0 m

155 Bishopsgate, also known as Bishopsgate Exchange,

the 38,100 sq m net building leased to a number of tenants

including Baring Investment Services, Sumitomo Trust,

Framlington Group, Northern Trust, Guardian Asset Management,

Prebone Yamani, Bank of Scotland and Barclays Bank for

£203.0 m

Other purchase and funded extensions to superstores:

£111.0 m

Total property purchases:

£900.0 m

2. Property Disposals

Portfolio Sale:

42 Industrial Park, Ashby de la Zouch 20,000 sq m

Ermine Business Park, Huntingdon 23,200 sq m

Regional Distribution Centre, Portbury 23,000 sq m

Brackmills, Northampton 88,300 sq m

Regional Distribution Centre, Wigan 31,300 sq m

Queen's House, Reading 10,900 sq m

Mariner House, London EC3 10,000 sq m

First Avenue House London WC1 12,100 sq m

134/142 Commercial Road Portsmouth 17,000 sq m

Total: £260.0 m

Other sales and transfers to The Tesco British Land Property Partnership: £98.0 m

Total property disposals: £358.0 m

3. Development Expenditure

Major items: Watling House, Cannon Street, London EC3;

Blythe Valley Park; First Avenue House, London WC1;

201 Bishopsgate raft over tracks (50%); Admiralty House,

Cobham; Plantation Place and Regent's Place

£64.0 m

Joint Ventures

4. BL Universal (joint venture with The Great Universal Stores P.L.C.)

Sales:

207 properties

£103.0 m

Purchases:

The Microsoft Campus, Thames Valley Park, Reading, 21,490 sq m;

The Beehive Centre, Cambridge, 26,100 sq m; Great Bridge Retail Park,

West Bromwich 3,240 sq m; Westgate Retail Park, Wakefield, 19,400 sq m;

Westside Retail Park, Guisley, 10,600 sq m

£166.0 m

New Financing:

Bank loans:

£240.0 m

5. Public House Company PLC (joint venture with Scottish & Newcastle plc)

Additional Purchases:

14 Pubs

£13.0 m

Additional Financing:

Bank loan

£11.7 m

6. BL Rank Properties (joint venture with The Rank Group Plc)

Financing

Bank loan

£113.0 m

Highlights

Net assets per share up 38p to 630p per share from 592p per share (basic).

Total return 9.9% per share (undiluted, pre exceptional charge).

Revenue Profits before tax £122.5 million (1998 – £102.3 million) and before the £68 million exceptional charge for bank debt derivatives no longer required following £1.54 billion securitisation.

Revenue Earnings per share 20.6p per share (1998 – 16.7p per share) up 23%.

Tax charge £2.6 million (4.7%) (1998 – £19.6 million, 15.4%).

Final dividend 7.07p per share (1998 – 6.73p). With the Interim of 3.23p already paid, a distribution for the year to 10.3p up 5.1% (1998 – 9.8p).

Weighted average debt maturity 23 years (1998 – 19.9 years).

Weighted average interest rate 7.3% (1998 – 8.49%).

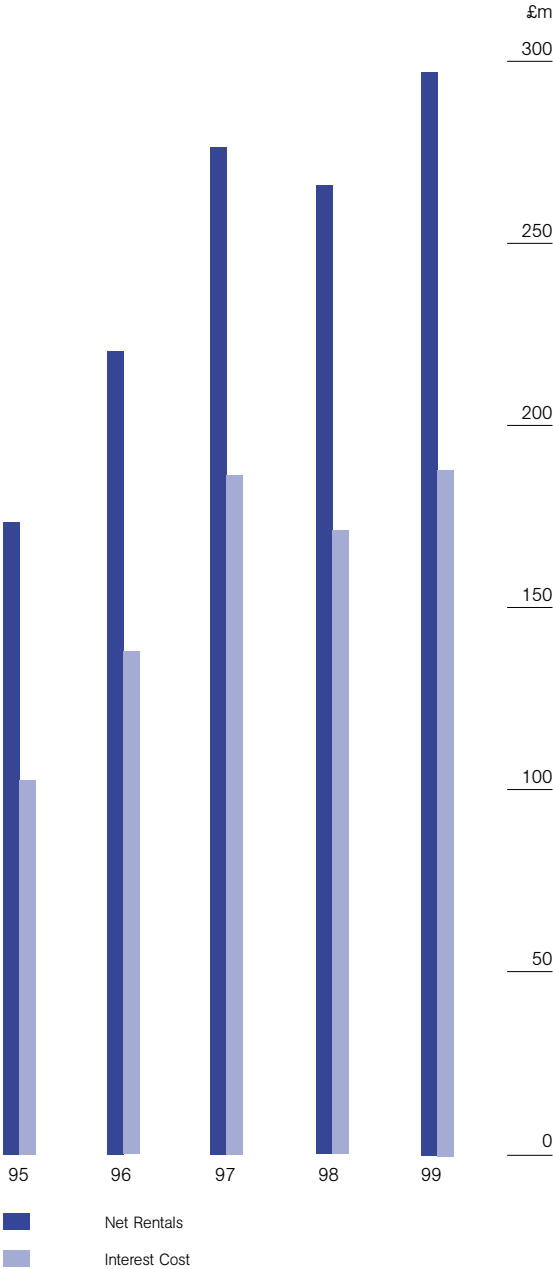
Mortgage ratio (debt/property & investments) 43% (1998 – 41%).

Debt/equity ratio 83% (1998 – 75%).

Gross rents £311.9 million (1998 – £286.8 million).

Net rents £296.5 million (1998 – £266.4 million).

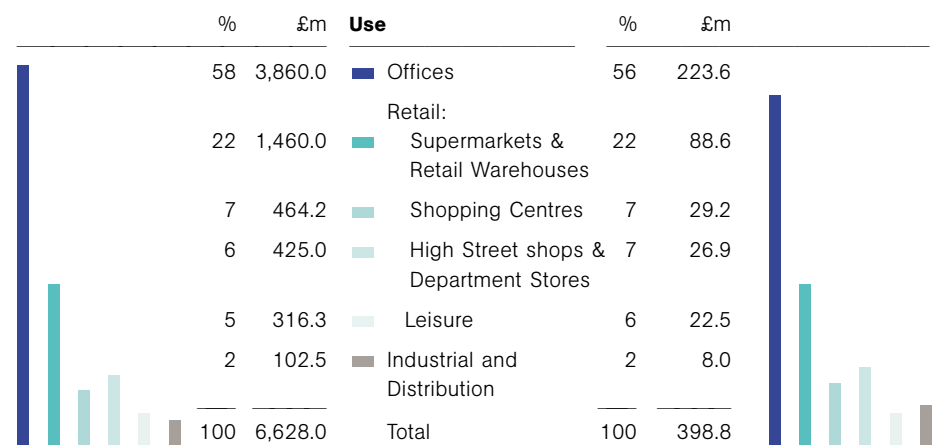
Net rental income and interest cover



Highlights

Principal properties in the British Land and Joint Venture portfolios are shown on pages 53 to 56. Valuation details on pages 9 and 36.

By Valuation



Based on 1999 Valuations:

	£m
Properties (note 8, page 36)	5,581.2
Share of Joint Ventures' Properties (note 9, page 37)	1,046.8
Property portfolio	<u>6,628.0</u>

Based on March 1999 Annualised Net Rentals

	£m
Properties	331.1
Share of Joint Ventures' Properties	67.7
Property portfolio	<u>398.8</u>

Total properties including British Land's share of joint ventures rise to £6.6 billion.

Total properties under British Land's property management, including partners' share of joint ventures, now £7.7 billion.

Annualised rent roll £398 million net.

Minimum guaranteed uplifts in net rents apply to 14% of the entire portfolio. A minimum additional £23.5 million of net rent is still to come.

Lease expires: 89% of leases continue beyond March 2009, and 73% beyond March 2014.

Weighted average lease length 19.7 years (1998 – 21.3 years).

Current net yield on the portfolio is 6.2% (1998 – 6.2%).

Reversionary net yield is 7.3% (1998 – 7.3%) on current rental values.

Ten Year Record ended 31st March

	Gross Assets £m a	Net Assets £m a	Net Assets per share pence a,b	Net Rental Income £m	Revenue Pre-Tax Profit £m	Revenue Earnings per Share pence b	Dividend per Share pence	FRS 3 Pre-Tax Profit £m c	FRS 3 Earnings per Share pence b,c
1999	6,431.5	3,261.7	630	296.5	122.5	20.6	10.3	55.3	10.1
1998	5,701.6	3,052.0	592	266.4	102.3	16.7	9.80	127.2	21.2
1997	4,889.2	2,427.5	487	277.0	90.2	15.4	9.00	91.2	15.7
1996	4,513.0	1,948.2	426	220.9	65.7	11.9	8.55	62.1	11.2
1995	3,325.4	1,663.8	416	173.9	58.6	11.7	8.12	49.1	8.4
1994	2,660.3	1,392.4	413	139.4	53.9	11.4	7.53	53.9	11.4
1993	1,934.3	833.5	283	128.4	34.6	11.3	7.00	27.2	8.4
1992	2,017.5	763.8	300	111.8	33.3	10.7	6.35		
1991	1,881.5	914.7	375	87.2	31.0	9.9	5.75		
1990	1,785.2	1,107.9	454	71.1	44.8	13.0	5.25		

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.

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

Region	Joint Venture	Property use type	Property name	Number of leases	Property Description	Area in Sq Metres	Date built or last refurbished
London – City		O/R	London EC2, Broadgate Complex	148	Office, retail and leisure complex on 12.14 hectares, comprising: 1, 2 and 3 Finsbury Avenue, Broadgate Circle, 1-3, 4, 6 Broadgate, 8-12 Broadgate, 100 Liverpool Street, 135, 155, 175 and 199 Bishopsgate, Broadwalk House, Exchange House, 1 Exchange Place and 201 Bishopsgate (site with consent for 63,000 sq m office development). All are either freehold or 999 year leasehold except 1 Exchange Place (125 year leasehold).	343,000	1984-1999
		O	London EC3, 122 Leadenhall Street	14	Office and retail building on two basement, lower ground, ground, mezzanine and eleven upper floors.	16,700	1994
		O	London EC3, 51 Eastcheap	2	Office building on basement, ground and six upper floors. Adjoins Plantation Place.	7,450	1987
		O	London EC3, Fenchurch Street, Plantation Place	0	1.02 hectare of development land on site of former Plantation House Complex. 43-45 Eastcheap. Adjoins Plantation Place.	n/a	n/a
		O	London EC4, Cannon Street, Watling House	3	Office building including 957 sq m of retail and public house (long leasehold).	9,000	1999
		O/R	London EC4, Ludgate Complex	36	Three office buildings on basement, ground and up to nine upper floors including basement and ground level retail (999 year leasehold).	45,500	1990
	BLU	O	London EC3, 133 Houndsditch	12	Office building arranged over ground and five upper floors with a leisure element at ground floor.	19,200	1991
London – West End		O	London W1, 2-16 Baker Street	8	Office building on basement, ground and eight upper floors including ground floor retail of 1,549 sq metres (long leasehold).	8,300	1984
		O	London W1, York House, Great Cumberland Place	21	Office, retail, leisure and residential building on basement, ground and seven upper floors (long leasehold).	9,900	1985
		O	London NW1, Regent's Place, Euston Road	45	4.2 Hectare complex comprising: Office, retail, extensive car parking and residential block. Includes sites with planning consent for 24,200 sq metres of offices.	80,100	1969-1997
	BLU	O/R	London W1, 251-256 Tottenham Court Road	6	Office building of seven floors with ground floor retail.	3,200	1993
		O/R	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
	BLU	RET	London W1, 187-195 Oxford Street	4	Two retail properties with offices and ancillary areas above.	2,800	1952
		O/R	London W1, Leicester Square, Swiss Centre (75.5% owned)	21	City centre office, leisure and retail building on two basement, ground and fifteen upper floors.	9,000	1964
		O	London NW1, 10 Cornwall Terrace	0	Office building on basement, ground and three upper floors (long leasehold).	2,400	1998
Greater London and South East		D	Greenford, Scottish & Newcastle Depot	1	High bay distribution facility.	12,000	1998
		I	Hayes, Springfield Road	5	Five light industrial units.	7,200	1989
		L	Croydon, Valley Park	7	Out of town leisure park.	9,400	1995
		L	Dagenham, Dagenham Leisure Park	7	Suburban leisure park.	11,800	1996
	BLRP	L	London E6, Beckton	1	Bingo club on an out of town retail park.	2,894	1992
	BLRP	L	London SW18, Wandsworth, Garrett Lane	1	Freestanding suburban bingo club.	4,030	1985
	BLU	RET	Kingston-Upon-Thames, 51-52 Clarence Street	2	Two town centre retail units.	1,300	1900
		RW	Croydon, Purley Way Centre	3	Retail warehouse development.	5,500	1987
	PCP	SC	Woking, The Peacocks Centre	99	Covered shopping centre with parking and entertainment facilities (long leasehold).	32,500	1992
		SUP	Beckenham, J Sainsbury	1	Town centre store.	3,844	1980
		SUP	Chadwell Heath, J Sainsbury	1	Suburban store.	4,951	1983
		SUP	Croydon, Purley Way, J Sainsbury	1	Out of town store.	6,420	1988
	BLT	SUP	Feltham, Tesco	1	Suburban store with a petrol filling station.	5,802	1997
		SUP	London E17, Walthamstow, J Sainsbury	1	Town centre store with 373 sq m of other retail (long leasehold).	5,367	1981
		SUP	London E18, South Woodford, J Sainsbury	1	Town centre store with a cinema and 1,115 sq m of other retail.	4,899	1999
	TBLPP	SUP	London E3, Bromley by Bow, Tesco	1	Suburban store with a petrol filling station.	6,598	1982
		SUP	London N1, Islington, J Sainsbury	1	Town centre store.	6,218	1992
	TBLPP	SUP	London NW10, Neasden, Tesco	2	Suburban store with a petrol filling station.	10,067	1985
		SUP	London W13, West Ealing, J Sainsbury	1	Town centre store with 1,108 sq m of offices.	6,090	1980
		SUP	London W4, Chiswick, J Sainsbury	1	Suburban store.	6,130	1998
		SUP	Orpington, The Walnuts, J Sainsbury	1	Town centre store (long leasehold).	3,008	1970
		SUP	Surbiton, J Sainsbury	1	Town centre store.	3,039	1970
		D	Banbury Echo Park,	1	High bay distribution warehouse.	18,100	1995
	BLT	D	Southampton, Nursling, Christian Salvesen Distribution Centre	1	High bay distribution warehouse.	7,000	1995
	BLT	D	Southampton, Nursling, Tesco Distribution Centre	2	High bay distribution warehouse.	29,700	1995

Key: Joint Venture: BLU=BL Universal PLC, BLRP=BL Rank Properties Limited, PCP=Peacocks Centre Partnership, BLT=BLT Properties Limited, TBLPP=Tesco British Land Property Partnership
Property use: O=Office, O/R=Office and Retail, RET=Retail, D=Distribution, I=Industrial, L=Leisure, RW=Retail Warehouse, SC=Shopping Centre, SUP=Supermarket

Major properties in the portfolio continued

Region	Joint Venture	Property use type	Property name	Number of leases	Property Description	Area in Sq Metres	Date built or last refurbished
Greater London and South East (continued)	BLRP	L	Southampton, Leisure World	2	Freestanding edge of town multi leisure unit (long leasehold).	14,082	1997
	BLRP	L	Southend-on-Sea, Victoria Circus	1	Town centre multiplex cinema.	3,585	1996
		O	Godalming, Westbrook Mills	2	Office building on three floors on a site of 2.2 hectares.	5,300	1983
	BLU	O	Reading, Microsoft Campus, Thames Valley Park	1	Three self-contained buildings on an office park.	21,490	1997
		O	Reigate, Kingswood, Legal & General House	1	Offices on 3 floors in 17.4 hectares of grounds. 1500 car spaces.	23,200	1988
		RET	Slough, High Street, Allders	1	Department store on basement ground and three upper floors.	6,800	1960
	BLU	RET	Southampton, 51-55 Above Bar Street	3	Two City centre retail units on ground and two upper floors.	1,200	1954
	RW		Colchester, The Tollgate Centre	12	Out of town retail park.	10,700	1988
	BLU	RW	Dagenham, Whalebone Lane South	1	Suburban retail warehouse with garden centre.	4,600	1989
	TBLPP	RW	Milton Keynes, The Kingston Centre	14	Out of town retail park including a Tesco store of 7,457 sq metres and a petrol filling station.	15,500	1992
		RW	Oxford, Botley Road, Oxford Retail Park	2	Out of town retail park.	7,100	1988
	SC		Basildon, Eastgate Shopping Centre	141	Covered shopping centre and multi-storey car park, including offices of 11,334 sq metres.	68,100	1994
	BLT	SUP	Ashford, Tesco	1	Out of town store.	4,427	1997
		SUP	Banbury, J Sainsbury	1	Suburban store with petrol filling station.	5,615	1994
		SUP	Bedford, Kempston, J Sainsbury	1	Suburban store with 2,058 sq m of other retail (long leasehold).	7,910	1975
		SUP	Bexhill, J Sainsbury	1	Town centre store with 698 sq m of other retail.	3,876	1975
	TBLPP	SUP	Maidstone, Grove Green, Tesco	7	Neighbourhood shopping centre including a Tesco store of 3,829 sq m and a petrol filling station.	4,579	1994
		SUP	Orpington, Locksbottom, J Sainsbury	2	Suburban store.	6,446	1998
		SUP	Portsmouth, J Sainsbury	1	Edge of town store.	5,307	1988
	TBLPP	SUP	Southampton, Bursledon, Tesco	2	Out of town store with a petrol filling station.	9,848	1999
		SUP	Southampton, Lordshill, J Sainsbury	1	Out of town store in district centre with petrol filling station and 4,883 sq m of other retail and leisure.	9,438	1997
	BLT	SUP	Southend-on-sea, Tesco Metro	1	Town centre store.	3,100	1997
		RET	6 Somerfield foodstores			12,843	1978-1985
East Midlands	BLRP	L	Leicester, Leicester Leisure Park	1	Edge of town multi leisure complex.	8,128	1997
	BLRP	L	Lincoln, Tritton Trading Estate	1	Multiplex cinema on out of town retail park.	1,424	1995
	RW		Northampton, St James' Retail Park	8	Edge of town retail park.	17,800	1988
	TBLPP	SC	Leicester, Beaumont Leys Shopping Centre	57	District shopping centre including a Tesco store of 9,896 sq m and a petrol filling station.	21,500	1984
	TBLPP	SC	Northampton, Weston Favell Shopping Centre	59	District shopping centre including a Tesco store of 13,543 sq m and a petrol filling station.	21,700	1974
		SC	Sutton-in-Ashfield, Idlewells Centre	49	Covered shopping centre.	13,100	1994
		SUP	Kimberley, J Sainsbury	1	Town centre store.	5,329	1985
		SUP	Leicester, J Sainsbury	1	Edge of town store with 2,823 sq m of other retail.	7,834	1987
	BLU	SUP	Lincoln, Tesco	1	Edge of town store with petrol filling station.	5,487	1985
		SUP	Northampton, J Sainsbury	1	Out of town store with a petrol filling station.	6,860	1997
		SUP	Nottingham, J Sainsbury	1	Out of town store with a petrol filling station on a retail park.	7,089	1997
	BLT	SUP	Nottingham, Bulwell, Tesco	2	Suburban store with a petrol filling station.	4,842	1996
		RET	2 Somerfield foodstores			4,243	1985-1987
South West		I	Poole, Holton Heath Trading Park	36	Warehousing and light industrial units with open storage land and 36 hectares of heathland.	13,000	1975
	BLRP	L	Bristol, Barrow Court	1	Freestanding edge of town bingo club.	3,102	1997
	BLU	RET	Swindon, 10-17 Regent Street	5	Four high street retail units.	3,495	1900-1990
	BLU	RW	Bath, Western Lock Retail Park	2	Two retail warehouse units with car parking in an edge of town location.	2,300	1998
	BLT	RW	Plymouth, Marsh Mills Retail Park	6	Out of town retail park.	10,400	1996
	BLT	SUP	Barnstaple, Tesco	1	Out of town store.	5,363	1998
		SUP	Bridgwater, J Sainsbury	1	Out of town store with petrol filling station.	5,384	1989
	BLT	SUP	Bristol, Brislington, Tesco	2	Out of town store with petrol filling station.	8,444	1996
	TBLPP	SUP	Ferndown, Tesco	1	Neighbourhood shopping centre including a Tesco store of 5,766 sq m.	7,771	1986
	BLT	SUP	Newton Abbot, Tesco	2	Out of town store with a petrol filling station.	6,563	1995
		SUP	Swindon, Stratton St Margaret, J Sainsbury	1	Out of town store with petrol filling station.	7,182	1996
		SUP	Weston-Super-Mare, J Sainsbury	1	Out of town store with 4,835 sq m of other retail and a public house.	11,332	1997
		RET	10 Somerfield foodstores		(One long leasehold.)	20,611	1984-1988
West Midlands		L	Birmingham, Great Park	1	Multiplex cinema on an out of town leisure park.	4,600	1997
	BLRP	L	Birmingham, Stockfield Road	1	Freestanding suburban bingo club.	3,630	1998
	BLRP	L	Stoke-on-Trent, Stoke Festival Park	2	Multi-leisure unit on an out of town leisure park.	7,669	1989
	BLRP	L	Telford, Southwater Square	1	Town centre multi-leisure unit.	4,891	1992
		O/R	Birmingham, Temple Court	18	Office on basement, ground and six upper floors including ground floor retail of 1,436 sq m and 195 basement car space (mainly freehold).	24,700	1993

Key: Joint Venture: BLU=BL Universal PLC, BLRP=BL Rank Properties Limited, PCP=Peacocks Centre Partnership, BLT=BLT Properties Limited, TBLPP=Tesco British Land Property Partnership
Property use: O=Office, O/R=Office and Retail, RET=Retail, D=Distribution, I=Industrial, L=Leisure, RW=Retail Warehouse, SC=Shopping Centre, SUP=Supermarket

Major properties in the portfolio continued

Region	Joint Venture	Property use type	Property name	Number of leases	Property Description	Area in Sq Metres	Date built or last refurbished
West Midlands (continued)		RET	Birmingham, Rackhams	1	Department store on basement, ground and seven upper floors.	46,500	1964
		SUP	Birmingham, Selly Oak, J Sainsbury	1	Suburban store.	5,789	1993
		SUP	Burton Upon Trent, J Sainsbury	1	Town centre store.	6,261	1997
		SUP	Hanley, J Sainsbury	1	Edge of town store with petrol filling station.	5,637	1987
		SUP	Hereford, J Sainsbury	1	Edge of town store with petrol filling station.	5,191	1986
		SUP	Rugby, J Sainsbury	1	Out of town store with petrol filling station.	5,917	1989
		SUP	Worcester, Blackpole, J Sainsbury	1	Suburban store with petrol filling station.	4,607	1993
		RET	6 Somerfield foodstores			13,858	1985-1988
East Anglia	BLU	RW	Cambridge, The Beehive Centre	11	Edge of town retail warehouse park with supermarket and petrol filling station.	26,113	1994
	TBLPP	SC	Peterborough, Serpentine Green	5	Out of town shopping centre including a Tesco store of 12,077 sq m and a petrol filling station.	27,900	1999
		SUP	Cambridge, J Sainsbury	1	Suburban store.	6,654	1995
North West	BLRP	L	Blackpool, Talbot Road	1	Freestanding edge of town bingo club.	3,764	1996
	BLRP	L	Bromborough, Wirral Leisure Park	1	Multi leisure unit on out of town leisure park.	7,976	1991
	BLRP	L	Liverpool, Knotty Ash	1	Freestanding suburban bingo club.	2,745	1994
	BLRP	L	Manchester, Imperial Trading Estate	1	Freestanding suburban bingo club.	3,180	1996
		O	Liverpool, Two Moorfields	20	Office building on ground, mezzanine and four upper floors, including ground floor retail of 905 sq m.	5,900	1984
		O	Manchester, St Peter's Square, Elizabeth House	34	Office building on basement, ground and six upper floors including ground and basement retail of 1500 sq m.	8,700	1990
	BLU	R/O	Liverpool, 58-72 Church Street	6	Five storey retail and office property in the city centre.	5,500	1960
	BLU	RET	Chester, 32-36 Foregate Street	1	High street retail unit on ground and two upper floors.	1,500	1990
	BLU	RET	Manchester, 42-46 Market Street	2	Two city centre retail properties.	1,500	1963
	TBLPP	RW	Bury, Woodfields Retail Park	7	Out of town retail park with Tesco store of 7,015 sq m and a petrol filling station.	13,400	1997
		RW	Chester, Greyhound Retail Park	23	Out of town retail park including some leisure and industrial.	19,600	1990
		SUP	Altrincham, J Sainsbury	2	Town Centre store including 235 sq m of other retail (long leasehold).	4,866	1997
		SUP	Birkenhead, J Sainsbury	1	Suburban store with petrol filling station.	3,531	1984
		SUP	Preston, Bamber Bridge, J Sainsbury	1	Out of town store with petrol filling station.	5,917	1989
Yorkshire & Humberside		I	York, Clifton Moor, North York Trading Estate	95	Edge of town industrial estate on 20 hectares.	41,250	1980
	BLRP	L	Huddersfield, Folly Hall	1	Freestanding edge of town multi leisure unit.	8,022	1994
	BLRP	L	Kingston-upon-Hull, Clough Road	1	Freestanding edge of town bingo club.	3,528	1996
		L	Leeds, Kirkstall Road	9	Edge of town leisure park.	18,600	1998
		RET	Kingston-upon-Hull, Allders	1	Department store on ground and four upper floors (long leasehold).	9,800	1979
	BLU	RET	Sheffield, 33-35 Fargate	1	High street retail unit on ground and four upper floors.	2,500	1950
		RW	Sheffield, Queens Road Retail Park	6	Suburban retail park.	4,900	1994
	BLU	RW	Wakefield, Westgate Retail Park	17	Edge of town retail and leisure park.	19,400	1996
		SUP	Bradford, J Sainsbury	1	Suburban store with petrol filling station and including Homebase of 3,693 sq m.	9,034	1995
		SUP	Grimsby, J Sainsbury	1	Out of town store with petrol filling station.	5,256	1988
		SUP	Sheffield, J Sainsbury	1	Out of town store.	8,166	1998
		SUP	York, J Sainsbury	1	Edge of town store with 3,026 sq m of other retail.	8,043	1984
		RET	1 Somerfield foodstore			2,511	1986
North	BLRP	L	Hartlepool, The Lanyard	2	Bingo club on out of town retail park.	2,698	1995
	BLRP	L	Stockton-on-Tees, Chandlers Wharf.	7	Edge of town retail park and bingo club.	7,898	1996
		RW	Stockton-on-Tees, Portrack Lane	1	Out of town retail warehouse.	11,300	1996
		RW	Stockton-on-Tees, Teesside Retail Park	27	Out of town retail park.	30,700	1991
	BLU	RET	Newcastle-Upon-Tyne, 72-76 Northumberland Street	2	Two retail units on basement ground and three upper floors	3,093	1920
	BLU	RET	Newcastle-Upon-Tyne, 78-92 Northumberland Street	2	City centre variety store.	8,425	1930
Northern Ireland	BLU	RW	Belfast, Connswater Retail Park	12	Edge of town retail warehouse park (long leasehold).	11,355	1997
	BLU	RW	Coleraine, Riverside Retail Park	3	Edge of town supermarket with two retail warehouse units.	6,500	1998
	BLU	SC	Belfast, Connswater Shopping Centre	50	Edge of town shopping mall.	16,800	1995
	TBLPP	SC	Lisburn, Bow Street Mall	44	Tesco store of 4,602 sq m.	10,300	1989
	TBLPP	SC	Londonderry, Lisnagelvin Shopping Centre	21	District shopping centre including a Tesco store of 4,025 sq m and a petrol filling station.	8,800	1994

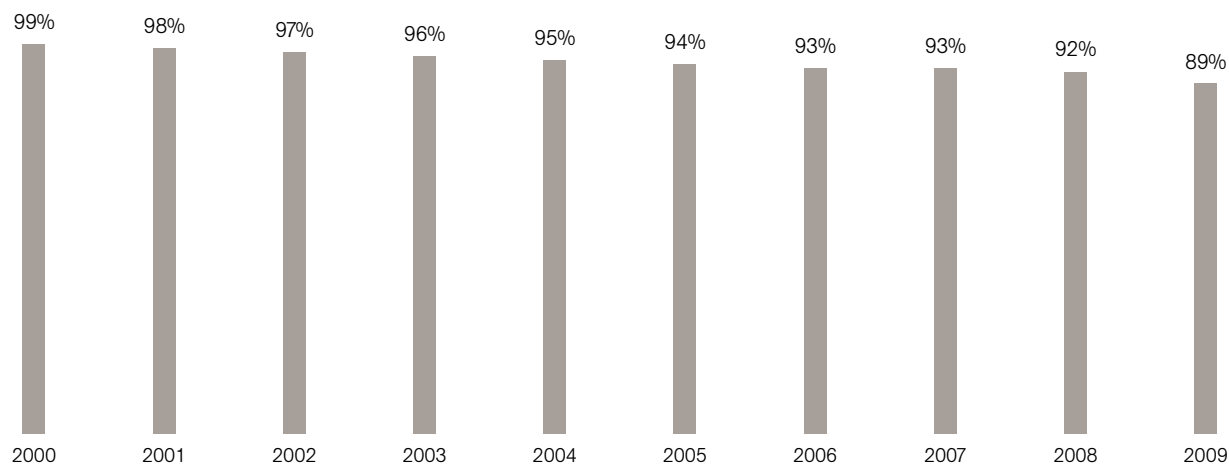
Key: Joint Venture: BLU=BL Universal PLC, BLRP=BL Rank Properties Limited, PCP=Peacocks Centre Partnership, BLT=BLT Properties Limited, TBLPP=Tesco British Land Property Partnership
Property use: O=Office, O/R=Office and Retail, RET=Retail, D=Distribution, I=Industrial, L=Leisure, RW=Retail Warehouse, SC=Shopping Centre, SUP=Supermarket

Major properties in the portfolio continued

Region	Joint Venture	Property use type	Property name	Number of leases	Property Description	Area in Sq Metres	Date built or last refurbished
Wales	BLRP	L	Swansea, Cwmdu, Carmarthen Road	1	Freestanding suburban bingo club.	2,765	1996
	BLU	RET	Cardiff, 41 Queen Street	1	High Street retail unit on ground and two upper floors.	1,400	1950
	BLU	RW	Cardiff, Wenvoe Retail Park	2	Two retail warehouses with 185 car spaces in an edge of town location.	3,900	1998
	BLT	RW	Newport, Harlech Retail Park	7	Suburban retail park including a Tesco store of 4,747 sq m and a petrol filling station.	7,200	1996
		SUP	Cardiff, Roath, J Sainsbury	1	Out of town store including Homebase of 3,066 sq m.	9,560	1997
		SUP	Cardiff, Thornhill, J Sainsbury	1	Out of town store including petrol filling station and 466 sq m of other retail.	5,192	1984
		SUP	Newport, J Sainsbury	1	Out of town store with 190 sq m of other retail.	5,482	1994
	BLT	SUP	Pontypridd, Tesco	2	Out of town store with a petrol filling station.	7,121	1987
		SUP	Swansea, J Sainsbury	1	Edge of town store with petrol filling station (long leasehold).	8,082	1997
	BLU	SUP	Swansea, Tesco	1	Edge of town supermarket (long leasehold).	4,400	1985
	BLT	SUP	Wrexham, Tesco	1	Edge of town store with a petrol filling station.	5,472	1982
		RET	5 Somerfield foodstores			8,756	1985-1989
Scotland	BLRP	L	Glasgow, Drumchapel, Axis West	1	Bingo club on out of town retail park.	3,031	1995
	BLRP	L	Glasgow, The Forge	1	Freestanding edge of town bingo club.	4,563	1995
	BLRP	L	Glasgow, The Quay	8	Edge of town leisure park.	11,805	1996
		O	Edinburgh, Orchard Brae House	27	Office building on eight floors with 205 car spaces.	9,800	1993
		O	Glasgow, Portcullis House	1	Office building on basement, ground and six upper floors.	9,400	1990
	BLU	RET	Edinburgh, 60 Princes Street	1	City centre retail property on basement, ground and five upper floors.	2,200	1987
	BLU	RET	Glasgow, 43-55 Argyle Street	3	Three city centre retail units.	4,200	1986
	BLU	RET	Glasgow, 78-90 Buchanan Street	4	City centre retail on ground and basement with three floors of offices above.	2,700	1986
		RW	Dumbarton, St James Retail Park	5	Out of town retail park.	6,400	1990
		RW	Elgin, Springfield Retail Park	6	Out of town retail park.	8,500	1987
		RW	Glasgow, Auldhouse Retail Park	6	Suburban retail park.	10,900	1991
	BLU	SC	Aberdeen, St Nicholas Centre	24	Covered city centre shopping mall with two floors of offices above (long leasehold).	7,200	1985
		SC	East Kilbride, Plaza Centre	70	Retail and office complex including 13,935 sq m of offices.	35,500	1990
Republic of Ireland	BLU	RET	Dublin, 28-29 Grafton Street	1	City centre retail unit (long leasehold).	2,600	1973
		SC	Dublin, Rathmines, Swan Centre	53	Covered shopping centre with basement parking.	8,360	1992
		SC	Dublin, St. Stephen's Green Shopping Centre	113	Covered shopping centre including 3,185 sq m of basement catering and a multi-storey car park.	28,064	1988

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Security of rental income



As at 31st March

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.

The Company's commitment to education includes its support for the Royal Academy of Music and 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 and Mencap. British Land has sponsored the new NSPCC Corporate brochure.

British Land works with Business in the Community on initiatives within the community, including 'Partners in Leadership', assisting head teachers and 'Building for the Future', to facilitate employment opportunities in the construction industry in Camden.

British Land sponsored the new permanent, fully illustrated Catalogue of the National Gallery's collection of works by British Artists by Judy Egerton. The Bodleian Library, The Victoria and Albert Museum, the Buildings Books Trust, the London Philharmonic Orchestra, the English National Opera, The National Theatre, The Royal Shakespeare Company 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 provided funding for the British Alpine Ski Team which participated in the 1998 Nagano Winter Games and has been sole sponsor of The British Land British National Ski Championships for 21 consecutive years. The Company is sponsoring the 1999 UK Chess Challenge and was presenting sponsor of the 1999 Super Series Squash Finals at Broadgate. The British Land British Open and Amateur Championships for Real Tennis are in their sixth year.



Picture Credits

Page 5: Stradivari viola (Cremona 1696, Achinto): Royal Academy of Music, John Barbirolli: G. Macdonnic/Lebrecht. Page 6: Sir Henry Wood: Kapp/Lebrecht Collection, Annie Lennox: Lebrecht Collection/PP, Simon Rattle: Wladimir Polak/Lebrecht Collection, Harriet Cohen: Lebrecht Collection. Page 9: Arthur Sullivan: Lebrecht Collection, Susan Bullock at ENO (Madam Butterfly): Bill Rafferty, Stradivari violin (Cremona c.1694, Haberneck): Royal Academy of Music, Eva Turner: Private Collection/Lebrecht. Page 10: Harrison Birtwistle: George Newson/Lebrecht Collection, Edmundo Ros & his orchestra: Lebrecht Collection/PP, Cary Grant & Ingrid Bergman in 'Indiscreet': Movie Store Collection, Richard Rodney Bennett: Carl Pendle/Lebrecht Collection. Page 13: Michael Nyman: Lebrecht Collection, Holly Hunter & Anna Pacquin 'The Piano': Movie Store Collection, 'The Barber of Seville' at ENO Lesley Garrett as Rosina: Bill Rafferty, Evelyn Glennie: Suzie Maeder/Lebrecht Collection.



Nick Turpin

Nick started his career in 1989 as a Photographer with The Independent Newspaper, leaving after six years to pursue his personal work.

Since shooting behind the scenes at the National Gallery for the 1997 British Land Annual Report, Nick has been working in London's streets, stations and parks, capturing the more humorous and surreal moments of public life in a big city.

Nick has been working on advertising and design projects in Europe, Scandinavia and Israel for clients including Selfridges, Heinz, Nordbanken and Merita Banks, The Tate Gallery, The Television Licensing Authority, Coutts Bank, Alliance & Leicester and Barclays Bank.

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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 'millbroke' or offcuts and rejects used in the papermaking process.



RECYCLABLE

Back Cover Image:
Rehearsal for a life on the road as a touring musician? The student bar's karaoke evenings and salsa parties are legendary.

