

British Land

Third Quarter Report to 31 December 2008



Financial highlights:

- **Portfolio valuation reduced by 13.3% this quarter**, 21.7% down for nine months
 - outward equivalent yield shift of 85bps for the quarter (Offices 75bps, Retail 87bps)
 - portfolio gross top-up¹ initial yield 7.0%, net equivalent yield now 6.9%, 142bps higher since year end March 2008
- **Net Asset Value² per share 718 pence, down 31%**
 - "Triple Net Asset Value"³ per share 861 pence (reflects valuable debt structure)
 - IFRS Net Assets £3.4 billion
 - properties owned or managed £13.7 billion
- **Underlying pre-tax profit⁴ £63 million for quarter**, 13% lower than Q3 2007
 - mainly due to the accounting treatment of reducing interest capitalised on developments
 - IFRS pre-tax loss on ordinary activities £1,614 million
- **Underlying earnings per share⁴ 12 pence for quarter**, 14% lower than Q3 2007
 - dividend up 7% to 9.375 pence per share for this quarter (payable May) in addition to 18.75 pence per share for the first half year

Customer focused business continues to operate positively:

- £169 million of property sales (gross) in the quarter, £890 million total in nine months
- £4.5 million pa additional rent⁵ from 660,000 sq ft of new lettings and renewals, plus 50 rent reviews settled in the quarter, overall ahead of ERV
- like-for-like rental income growth 3.8% (ahead of IPD) for nine months to December 2008 versus December 2007
- new 50:50 joint venture for Meadowhall Shopping Centre formed 11 February 2009

Balance sheet strength with cash flow security:

- property portfolio 96% let⁶, 13 years average lease length with only 4% up for renewal before March 2011
- debt 100% fixed at 5.2%⁷, 12 years average maturity⁷, £2.4 billion undrawn bank lines

Investment market reflects economic conditions:

- Financial turmoil and market stress continues to adversely affect the property market, resulting in challenging conditions with few transactions
- IPD Benchmark net equivalent yield now 8.2%, some 450 bps over the 10 year gilt
- Initial signs of renewed investor interest in property at current levels, but lack of availability of debt is inhibiting activity.

Rights Issue:

British Land announces today a rights issue to raise approximately £740 million (net of expenses). The fully underwritten pre-emptive equity issue will underpin the Company's balance sheet at a time of unprecedented market dislocation and position it to be able to exploit future real estate buying opportunities. Please refer to the separate press release today for further details.

¹ yield to British Land (without notional purchaser's costs) adding back rent frees and contracted rental uplifts

² EPRA (European Public Real Estate Association) basis – Note 1 to the accounts

³ see Table A

⁴ see Note 1 to the accounts

⁵ British Land's share of increase in headline rents (before any tenant incentives)

⁶ includes accommodation subject to asset management initiatives and under offer

⁷ includes share of Funds and Joint Ventures

Chris Gibson-Smith, Chairman comments:

We welcome Chris Grigg who joined British Land as Chief Executive in January 2009. He brings deep knowledge of the investment and financial sectors from his time at Goldman Sachs and wide management experience from his roles at Barclays. We believe his background and skills will blend strongly with those of British Land's well established management team.

In the markets, ongoing problems in the financial sector and fears of a deeper recession are resulting in increased investment yields and tending to depress occupational demand for property. In these challenging conditions diversified income from prime property with long leases and high occupancy, as seen in our portfolio, should be valued for the higher degree of certainty it offers. Our strong cash flow stands us in good stead and we will continue to concentrate on our customer-led strategy, to preserve and generate rental income. Once liquidity eases in the financial markets, UK property will benefit. In the meantime, we will remain alert to opportunities which may arise and position the company to respond to them positively.

Chris Grigg, Chief Executive comments:

I am delighted to be joining British Land and its well established management team. The company is one of the world's premier Real Estate Investment Trusts with a market leadership in the office and retail sectors and strong customer focus. I am enormously enthusiastic about the challenges that lie ahead and the opportunities they provide for British Land.

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Review of the Quarter to 31 December 2008

This third quarter report comes at a time of ongoing disruption in financial markets. The resulting steep decline in business and consumer confidence, and economic activity around the world, has been further affected by governments, central banks and regulators having not yet managed to 'reboot' the global banking system. The fiscal stimulus of rapid interest rate reductions may have had some positive effect on consumers and eased the Christmas retail trading but has not helped corporates and investors starved of capital. Amidst the negative news flow it seems that government has understood both the need and the urgency to address root causes, by the approach to bank capital ratios and schemes aimed to increase provision of liquidity, which should have a beneficial effect on the markets.

It is in this context that the IPD Benchmark has seen its largest quarterly capital value decline of some 14.5%, taking the fall from the peak at June 2007 for the sector to 34%, and now shows an average net equivalent yield of 8.2%, a premium of some 450 basis points over the 10 year gilt. IPD is based on valuations, and valuers in less liquid markets make tougher judgements. While a limited number of transactions are being concluded in prime assets, giving some evidence to extrapolate from, for secondary assets potential investors are all too aware of tenant and void risks.

Our portfolio valuation declined 13.3% this quarter taking net asset value down to 718 pence per share. Underlying profits of £63 million for the three months reflect reduced management fees based on property valuations and, in particular, the accounting treatment of reducing interest capitalised on development projects. Earnings per share were 12 pence for the quarter. The dividend for the quarter is 7% ahead at 9.375 pence.

British Land's prime property, with long and diversified cash flow is a resilient base in current conditions. Lease lengths average 13 years with only 4% up for renewal before March 2011. Tenants in administration have risen (unsurprisingly) but at January 2009 are at only 2.2% of rents and for all but 0.9% we have already relet, have under offer or benefit from rent guarantees of the units involved. Group debt has 14 years average maturity with no short term refinancing requirement. Whilst the market remains tough, we believe we are well placed to weather the storm.

British Land has also announced today a rights issue to raise approximately £740 million (net of expenses). The fully underwritten pre-emptive equity issue will underpin the Company's balance sheet at a time of unprecedented market dislocation and position it to be able to exploit future real estate buying opportunities. Please refer to the separate press release today for further details.

Sector and Asset Selection

In addition to sales of £721 million (gross) in the first half of this financial year, we have disposed of a further £169 million (gross) of mainly retail properties in this quarter, as summarised below. These sales are in line with our strategy to focus the portfolio on those assets which will continue to show (relative) growth from our asset management initiatives. Disposals also enable us to recycle capital and manage gearing. There were no purchases contracted in the quarter (and none in the first half-year).

Sales	Price £m	BL Share £m
3 months to 31 December 2008		
Borehamwood Shopping Park, Herts ¹	81	29
Meadowbank Retail Park, Edinburgh	38	38
21 High Street Shops	42	42
Other	8	8
Total	169	117
Average net initial yield on disposals 7.1%		
¹ Hercules Unit Trust (HUT)		

On 11 February 2009 we formed a 50:50 joint venture with London and Stamford Property Limited and its partner for Meadowhall Shopping Centre. The transaction values Meadowhall at £1.175 billion, on a net initial yield of 6.75%. British Land will be property manager for Meadowhall and will act jointly with London and Stamford as strategic adviser for the joint venture, which will also own certain nearby properties including the Meadowhall distribution centre. The surrounding development land and ancillary sites will remain in British Land ownership; the joint venture will have the option to acquire these at a later date at market value.

The formation of this new partnership underlines the enduring investment and occupier appeal of Meadowhall, one of only six super-regional shopping centres in the UK. The transaction reduces our exposure to our largest retail asset while allowing us to retain a substantial share of its future performance; it also has the effect of increasing our financial flexibility.

Proactive asset management

We continue to manage our portfolio on the basis of continuous improvements to our assets to ensure their attractiveness to both office and retail tenants. This testing economic climate puts even more emphasis on British Land's strong asset management skills; we have been working hard to capture reversions and maintain high occupancy and rental income cash flow.

During the quarter we negotiated over **50 rent reviews** across the portfolio, which were settled ahead of ERV in all sectors. We also contracted over **70 new lettings and renewals** on more than 660,000 sq ft of space, also ahead of applicable ERV and confirming the ongoing appeal of our portfolio. These transactions together add £4.5 million per annum of rents (being our share of the increase in headline rents, before any tenant incentives).

In our **City office portfolio**, we were pleased to finalise the letting for 15 years of 15,000 sq ft at 201 Bishopsgate at a headline rent of £54 per sq ft; 88% of the offices in this completed development are now let. We also have 24,000 sq ft under offer at the Broadgate Tower. Following completion of the refurbishment of 338 Euston Road, another letting of 5,500 sq ft has been completed at £58.50 per sq ft, emphasising the success of this project.

The majority of the lettings and most of the asset management activity in the quarter have been in our **retail portfolio**. These included new or regeared lettings to: Next at Newcastle-upon-Tyne (49,000 sq ft, which property we subsequently sold); Hollister (part of Abercrombie and Fitch) and Yo! Sushi at Meadowhall Shopping Centre (10,100 and 1,730 sq ft); Toys 'R Us at St James Retail Park, Northampton (43,800 sq ft); and HomeStore + More at The Queensgate Centre, Harlow (35,000 sq ft), all at rents higher than previously passing and above ERV. Our joint ventures with Tesco completed three store extensions during the quarter, in total over 20,000 sq ft, which generate additional rents of some £430,000 pa.

In this difficult economic climate, the sector has been affected by a number of retailers falling into administration but, to date, we have not been materially disadvantaged. This is due to a number of factors: our occupier-led strategy and focus on owning prime assets in profitable trading destinations which are likely to be in most demand throughout the cycle; the earlier disposal of weaker trading properties; and, where possible, our anticipation of difficulties and adoption of contingency plans to relet as quickly as possible space that becomes available.

At 31 December 2008, occupiers in administration represented only 1.9% of rents: 0.8% is from units where trading continues and the lease is being assigned or a new lease being granted, and 0.5% is guaranteed by a third party paying the rent, such that our net exposure represents only 0.6%. During January 2009, 2 further retailers have gone into administration, increasing the total to 2.2% of rents and the net exposure to 0.9%. For the December quarter, 97% of rents were collected within 10 working days of the due date.

Occasionally tenant difficulties will provide an opportunity. For example, we had planned to take back a lease at a retail park from MFI to enable us to reconfigure the space and relet to other retailers at higher rents. The failure of MFI hastened our plans but avoided the need for a compensatory payment to release the space. Part of the area involved has already been relet to New Look.

Development update

The committed development programme is limited to the offices at Ropemaker, the mixed use scheme at Osnaburgh Street and the Puerto Venecia retail project in Spain (details were set out in our half-year report). Construction costs to complete these committed projects are some £230 million and the value of them represents just 4% of the total portfolio.

Good progress is being made with the construction of Ropemaker and Osnaburgh Street, with building contracts fully placed and on target for completions later this year. At **Ropemaker**, there is encouraging tenant interest in this excellent building providing first class offices, although becoming available to let at a difficult time in the market. Terms have been agreed with a major institution for a letting of a significant part of the offices and final negotiations are in progress.

The residential elements of **Osnaburgh Street** have done well, despite market uncertainties. Contracts have been exchanged for the open market sale of 56 of the 62 apartments, and the remaining 6 are under offer, while all the social housing has been pre-sold to a Housing Association. Marketing of the offices at Osnaburgh Street is underway to prospective tenants and agents, although our expectation, as is usual practice in the West End, is that we will see firmer occupational interest once the buildings are complete.

At **Puerto Venecia**, the newly completed and opened retail park was busy over Christmas. Further new tenants have signed leases and the park is 90% let, under offer or sold. Ground works are advancing for the shopping centre and leisure phases of the scheme, where tenant interest is strong. Recent new pre-lettings include Blanco and Sportzone, and these phases are currently 68% pre-let, pre-sold or with terms agreed.

Portfolio valuation

The table below shows the principal valuation movements by sector for the three and nine month periods to 31 December 2008, totalling **13.3% decline for the quarter**, 21.7% decline for nine months.

The capital return from the portfolio at -13.5% for 3 months, as measured by IPD (calculated for our UK assets on average capital employed and excluding capitalised interest) was comparable with the IPD Benchmark at -14.5%.

The net equivalent yield (after notional purchaser's costs) on the portfolio at 6.9% has moved out 85bps over the quarter and 142bps for nine months.

Like for like rental value (ERV) was unchanged over the quarter for retail (nine months up 0.9%) and down by 2.6% for offices (nine months down 6.5%). Overall like for like ERV for the portfolio was down 1.0% for the quarter (IPD Benchmark down 1.4%).

Valuation by Sector	Group £m	Funds/JVs ¹ £m	Total £m	Portfolio %	Change ² %	
					3 mths	9 mths
Retail						
Retail warehouses	1,467	1,105	2,572	25.3%	(14.1)	(22.6)
Superstores	113	984	1,097	10.8%	(9.7)	(14.3)
Shopping centres ³	1,476	311	1,787	17.6%	(12.3)	(18.4)
Department Stores	440	96	536	5.3%	(16.2)	(24.0)
High street	26		26	0.2%	(14.7)	(21.7)
All retail	3,522	2,496	6,018	59.2%	(13.0)	(20.2)
Offices⁴						
City ⁵	2,904		2,904	28.6%	(13.8)	(24.3)
West End ⁶	997		997	9.8%	(12.9)	(21.0)
Provincial	16	8	24	0.2%	(17.1)	(23.1)
All offices	3,917	8	3,925	38.6%	(13.6)	(23.6)
Industrial, distribution, leisure, other	212	16	228	2.2%	(16.5)	(27.6)
Total⁷	7,651	2,520	10,171	100.0%	(13.3)	(21.7)

¹ Group's share of properties in Funds and Joint Ventures

² change in value for 3 months and 9 months to 31 December 2008, includes valuation movement in developments, purchases and sales, net of capital expenditure

³ Meadowhall Shopping Centre valuation down 10.9% for the quarter to £1,250 million; ERV £86.5 million; net equivalent yield 6.4%

⁴ includes developments in City, West End and provincial: total value £497 million, 4.9% of Portfolio, down 18.8% for the quarter

⁵ Broadgate valuation down 13.0% for the quarter to £2,523 million; headline ERV range £44.25 - £59.00 per sq ft (average headline ERV £47.50psf); net equivalent yield 7.1%; net initial yield 7.2% (assuming top up of rent free periods and guaranteed minimum uplifts to first review). (This valuation includes 201 Broadgate and The Broadgate Tower but excludes 4 Broadgate, which is in developments)

⁶ Regent's Place valuation down 12.5% for the quarter to £581 million; headline ERV range £40.00 - £58.00 per sq ft; net equivalent yield 6.9%; net initial yield 6.7% (assuming top up of rent free periods and guaranteed minimum uplifts to first review)

⁷ annualised net rents £614 million (excluding developments) (net rental income under IFRS differs from annualised net rents which are cash based, due to accounting items such as spreading lease incentives and contracted future rental uplifts, as well as direct property costs); portfolio initial yield (gross to British Land, without notional purchaser's costs) 6.4%; top up initial yield (gross) 7.0%; reversionary yield (gross, five years) 7.3%.

The valuation movements across the sectors for the quarter were:

- **City offices**, at 28.6% of the portfolio, saw outward initial yield shift of 87bps on the investments which, coupled with the decline in ERV of 2.6%, resulted in an overall decrease in valuation of 13.8% (nine months 24.3%);
- **West End offices**, at 9.8% of the portfolio, were similarly affected in the market with the valuation down by 12.9% (nine months 21.0%), driven by outward initial yield shift of 56 bps on the investments and a reduction in ERV in line with that seen in the City;
- **Retail warehouses**, representing 25.3% of the portfolio, saw outward equivalent yield shift of 103bps, with current ERV unchanged but reduced prospects of rental value growth, resulting in the valuation reducing by 14.1% (nine months 22.6%);
- **Shopping centres**, being 17.6% of the portfolio, showed a fall in value of 12.3% (nine months 18.4%). Yields have also adjusted to reflect declining rental value growth prospects and general concerns regarding certain tenant covenants;
- **Superstores**, at 10.8% of the portfolio, fell by 9.7% (nine months 14.3%), less than other retail sectors due to their long income streams, sales growth and underlying stronger tenant covenants.

The increase in supply of **offices** to the market from new developments is now limited to those projects currently underway, with little prospect of new starts over the next few years. However, as financial, banking and service businesses reduce numbers of employees and the deterioration in financial markets impacts across the wider economy, tenant release of accommodation in 2009/10 is likely to be seen in both the City and the West End. Whilst the recent lettings (albeit a limited number) in the office portfolio have been supportive of ERVs at December, we expect thin occupational demand and further declines in rental values until the wider economy recovers. In the meantime, our office portfolio is over 94% let (including areas subject to asset management initiatives and under offer) and almost all the accommodation we have available is in prime newly completed developments, best placed to meet the requirements of prospective tenants.

Overall **retail** occupational demand is weak with most retailers reporting like for like sales declines, although a number of them have done better over the Christmas period than earlier market commentary had indicated. Home related and electrical goods are doing poorly while food and young clothing are faring relatively well. The tenant failures seen to date have been relatively small, in the context of the overall size of the market, and comprise weaker brands and poorer retail concepts. However, they are an indicator of deteriorating general market conditions and the anticipated downward pressure on rental values, particularly for more secondary assets. Our portfolio is focussed on prime assets where retailers trade profitably, ensuring greater security of income. This should allow us to benefit from better occupier demand than the rest of the market, although we are keeping tenant covenants under close review and will continue to actively manage assets to take advantage of opportunities arising to improve tenant mix.

Going forward our portfolio is well positioned in terms of quality of assets and security of income streams. There are initial signs of renewed investor interest in property at current pricing levels, particularly for prime properties, but the lack of credit availability continues to inhibit activity. While we expect that property values will decline further until the markets stabilise, prime properties should stabilise first as the gap between prime and secondary yields widens. The property market will benefit once liquidity in the financial markets eases but the timing is uncertain.

Financial Results

Summary for the period ended:	3 months to December 2008	3 months to December 2007	Change
Income Statement	£m	£m	%
Underlying pre-tax profit ¹	63	72	-13
Gross rental income	125	148	-16
- proportional basis ²	159	174	-9
Net interest costs	55	70	-21
- proportional basis ²	76	85	-11
	pence	pence	
IFRS loss per share ¹	(311)	(257)	-21
Underlying earnings per share ¹	12	14	-14
Dividend per share	9.375	8.75	+7
As at:	December 2008	September 2008	
Balance Sheet			%
IFRS Net Assets	£3,392m	£5,289m	-36
EPRA ¹ NAV per share	718 pence	1043 pence	-31
EPRA ² NNNAV per share	861 pence	1186 pence	-27
¹ see Note 1 to the accounts			
² see Table A			

Income Statement (data presented on a proportionally consolidated basis – Table A)

Gross rental income for the three months reduced to £159 million against £174 million in the corresponding period as a result of property sales, partly offset by rent reviews and new lettings which have generated additional gross rental income of £5 million in the period.

On a like for like basis **rental income growth was 3.8%** for the nine months to December 2008, compared to the comparable period to December 2007.

Underlying profits for the quarter at £63 million were overall lower by £9 million on the comparable quarter last year, principally due to:

- reduced property management and performance fees, down £3 million; and
- increased finance costs of £6 million, following the accounting treatment of less capitalisation of interest on developments.

The loss of rental income following property sales is counterbalanced by lower interest costs after repayment of debt from the sale proceeds; sales have been broadly neutral for underlying profit.

Fees and other income at £4 million for the quarter were reduced from £7 million in the corresponding period last year, due to the lower valuation of properties in the Funds on which the management and performance fees are based,. Administrative expenses have decreased to £16 million, 6% lower than the corresponding period last year due to the reduced cost of share incentives.

Net interest costs for the quarter at £76 million are 11% lower than the corresponding period last year. Interest on the reduced level of debt following property disposals was partially offset by the increased interest charge arising following the completion of developments. Interest cover for the 9 month period was 1.9 times (similar to the six months to September 2008).

Due to lower projected Group borrowings as a result of overall reduced expected commitments, including the smaller development programme and receipt of sales proceeds, certain interest rate swap arrangements were no longer required. On close out of these swaps, amounts previously charged to reserves have been 'recycled' through the income statement; a charge of £41 million has been reflected in the income statement this quarter.

We maintain full interest rate hedging on Group debt and commitments. The weighted average **interest rate at 31 December 2008 was 5.2%** (30 September 2008: 5.3%). If new expenditure is incurred the Group will borrow at an overall lower interest cost, due to lower market rates.

The **valuation reduction** of £1,635 million is the most significant item in the IFRS income statement during the last three months. This results in an IFRS pre-tax loss of £1,614 million compared to £1,326 million in the comparative period.

Underlying earnings per share are 12 pence for the three months (14 pence in the comparative three months). For the nine months to 31 December 2008 underlying earnings per share are **39 pence** (40 pence in the comparative nine months) showing the resilience of our business.

Balance Sheet

EPRA net assets at 31 December 2008 were £3,692 million or 718 pence per share, a decrease of 31% against 30 September 2008, due principally to the reduction in property valuations.

On a **triple net asset value** basis (after adjusting debt and derivatives to market value, and deducting deferred tax) EPRA net assets amount to 861 pence per share. This is significantly above our EPRA NAV per share, principally due to the favourable mark to market adjustments of £765 million reflecting the low cost of our longer term debt, and derivatives.

Net debt at the quarter end, including share of Funds and Joint Ventures, amounted to £6,104 million, £309 million lower than at the beginning of the financial year. Sales proceeds were used to repay debt while a new drawing was made to complete the purchase of St Stephens Shopping Centre in Hull.

The weighted average debt maturity is 12.2 years (12.9 years at 30 September 2008). In addition, the Group has **committed undrawn facilities of £2.4 billion**.

At 31 December 2008 the **loan to value ratio** (including our share of Funds and Joint Ventures) is 60% (51% at 30 September 2008). The Group loan to value ratio is 54% (44% at 30 September 2008).

British Land's **unsecured debt standard financial covenants** are:

- a) Net Borrowings not to exceed 175% of Adjusted Capital and Reserves. At 31 December 2008 the ratio was 113%; and
- b) Net Unsecured Borrowings not to exceed 70% of Unencumbered Assets. At 31 December 2008, the ratio was 29%.

Total properties owned at 31 December 2008, including share of Funds and Joint Ventures were £10.2 billion, or £13.7 billion including properties under management.

Dividend

The third quarter dividend of 9.375 pence per share, totalling £48 million, is payable on 15 May 2009 to shareholders on the register at close of business on 27 February 2009. This record date has been brought forward on account of the proposed Rights Issue announced today. All of this dividend will be a property income distribution (PID, see Note 7 to the accounts) and is in addition to the 18.75 pence per share in respect of the first half year.

The final quarterly dividend payable in respect of the year to 31 March 2009 will be declared at the time of the preliminary announcement of results for the year to 31 March 2009. The amount of the dividend is expected to be set by reference to the third quarter dividend of 9.375 pence per share, adjusted to take account of the effects of the Rights Issue and to maintain the same level of annualised pro forma dividend cover as before the Rights Issue. The Board intends to maintain its existing dividend policy following completion of the Rights Issue.

By order of the Board, Graham Roberts, Finance Director.

This report contains certain “forward-looking” statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements. Any forward-looking statements made by or on behalf of British Land speak only as of the date they are made and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. British Land does not undertake to update forward-looking statements to reflect any changes in British Land’s expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

In connection with the Rights Issue, this announcement does not contain or constitute an offer for sale or the solicitation of an offer to purchase securities in the United States. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold in the United States absent registration under the Securities Act or an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The British Land Company PLC does not intend to make a public offering of securities in the United States.

Consolidated Income Statement for the period ended 31 December 2008

	Year ended 31 March 2008		Three months ended 31 December 2008		Three months ended 31 December 2007	
	Underlying pre tax* £m	Audited Capital and other £m	Underlying pre tax* £m	Capital and other £m	Underlying pre tax* £m	Capital and other £m
	645	645	137	137	160	160
Gross rental and related income						
Net rental and related income	561	561	118	118	143	143
Fees and other income	40	30	4	4	7	7
Amortisation of intangible assets	(15)	(15)	(4)	(4)	(3)	(3)
Funds and joint ventures (see also below)	40	(346)	11	(348)	8	(236)
Administrative expenses	(67)	(67)	(15)	(15)	(16)	(16)
Net valuation movement (includes profits and losses on disposals)		(1,562)		(1,284)		(1,159)
Net financing costs						
- financing income	26	26	9	9	8	8
- financing charges	(316)	(316)	(64)	(41)	(78)	(78)
	(290)	(290)	(55)	(41)	(70)	(70)
(Loss) profit on ordinary activities before taxation	284	(1,893)	63	(1,677)	72	(1,398)
Taxation						
- current tax		46		3		8
- deferred tax credit		46		24		8
				27		8
Loss for the period after taxation attributable to shareholders of the Company		(1,563)		(1,587)		(1,318)
		(305) p		(312) p		(257) p
		(303) p		(311) p		(257) p
Share of results of funds and joint ventures						
Underlying profit before taxation	40	40	11	11	8	8
Net valuation movement (includes profits and losses on disposals)	(354)	(354)	(351)	(351)	(232)	(232)
Goodwill impairment	(3)	(3)				
Non-recurring items	9	9				
Current tax	1	1				(1)
Deferred tax	1	1		3		(3)
	40	(346)	11	(348)	8	(236)
		(306)		(337)		(228)

* As defined in note 1

Consolidated Income Statement for the period ended 31 December 2008

	Year ended 31 March 2008		Nine months ended 31 December 2008		Nine months ended 31 December 2007	
	Underlying pre tax* £m	Audited Capital and other £m	Underlying pre tax* £m	Capital and other £m	Underlying pre tax* £m	Capital and other £m
	645	645	420	420	486	486
Gross rental and related income						
Net rental and related income	561	561	366	366	425	425
Fees and other income	40	30	13	13	36	66
Amortisation of intangible assets	(15)	(15)	(11)	(11)	(8)	(8)
Funds and joint ventures (see also below)	40	(346)	38	(605)	27	(261)
Administrative expenses	(67)	(67)	(45)	(45)	(54)	(54)
Net valuation movement (includes profits and losses on disposals)		(1,562)		(2,491)		(1,310)
Net financing costs						
- financing income	26	26	19	19	23	23
- financing charges	(316)	(316)	(184)	(41)	(242)	(242)
	(290)	(290)	(165)	(41)	(219)	(219)
(Loss) profit on ordinary activities before taxation	284	(1,893)	207	(3,148)	215	(1,361)
Taxation						
- current tax expense		46		(1)		(1)
- deferred tax credit		46		43		42
				42		41
Loss for the period after taxation attributable to shareholders of the Company		(1,563)		(2,899)		(1,320)
		(305) p		(570) p		(256) p
		(303) p		(567) p		(255) p
Share of results of funds and joint ventures						
Underlying profit before taxation	40	40	38	38	27	27
Net valuation movement (includes profits and losses on disposals)	(354)	(354)	(616)	(616)	(288)	(288)
Goodwill impairment	(3)	(3)			(2)	(2)
Non-recurring items	9	9			9	9
Current tax	1	1	4	4	(4)	(4)
Deferred tax	1	1	7	7	(3)	(3)
	40	(346)	38	(605)	27	(288)
		(306)		(567)		(261)

* As defined in note 1

Consolidated Balance Sheet as at 31 December 2008

31 March 2008 Audited £m		Note	31 December 2008 Unaudited £m	31 December 2007 Unaudited £m	30 September 2008 Unaudited £m
Assets					
Non-current assets					
9,389	Investment properties	3	7,258	11,062	8,321
1,062	Development properties	3	374	987	418
53	Owner-occupied property	3	39	54	45
10,504			7,671	12,103	8,784
Other non-current assets					
1,532	Investments in funds and joint ventures	4	973	1,378	1,313
196	Other investments		51	196	122
39	Intangible assets		29	46	33
12,271			8,724	13,723	10,252
Current assets					
133	Debtors		98	152	112
244	Cash and short-term deposits	5	475	330	387
377			573	482	499
12,648	Total assets		9,297	14,205	10,751
Liabilities					
Current liabilities					
(111)	Short-term borrowings and overdrafts	5	(123)	(124)	(59)
(450)	Creditors		(665)	(493)	(463)
(561)			(788)	(617)	(522)
Non-current liabilities					
(5,151)	Debentures and loans	5	(5,021)	(6,345)	(4,802)
(38)	Other non-current liabilities		(55)	(41)	(67)
(108)	Deferred tax liabilities		(41)	(112)	(71)
(5,297)			(5,117)	(6,498)	(4,940)
(5,858)	Total liabilities		(5,905)	(7,115)	(5,462)
6,790	Net assets		3,392	7,090	5,289
Equity					
131	Share capital	6	131	130	131
1,269	Share premium	6	1,271	1,267	1,271
335	Other reserves	6	(248)	343	11
5,055	Retained earnings	6	2,238	5,350	3,876
6,790	Total equity attributable to shareholders of the Company		3,392	7,090	5,289
1344 p	EPRA NAV per share*	1	718 p	1401 p	1043 p

* As defined in note 1

Consolidated Statement of Recognised Income and Expense for the period ended 31 December 2008

Year ended 31 March 2008 Audited £m	Note	Three months ended 31 December		Nine months ended 31 December	
		2008 Unaudited £m	2007 £m	2008 Unaudited £m	2007 £m
(1,563)		(1,587)	(1,318)	(2,899)	(1,320)
57	2		(51)	(44)	43
3	2		(3)	(3)	4
(70)	2	(15)	(40)	(88)	(70)
(10)		(15)	(94)	(135)	(23)
(53)		(226)	(66)	(210)	(46)
(20)		(51)	(12)	(50)	(16)
		8		8	
(10)		(1)		(2)	
25		6	23	24	25
(68)		(279)	(149)	(365)	(60)
1		(19)	(2)	(28)	
(28)		38	(7)	27	(18)
(27)		19	(9)	(1)	(18)
(1,658)		(1,847)	(1,476)	(3,265)	(1,398)

Reconciliation of Movements in Shareholders' Funds

Year ended 31 March 2008 Audited £m		Three months ended 31 December		Nine months ended 31 December	
		2008 Unaudited £m	2007 £m	2008 Unaudited £m	2007 £m
7	- Shares issued		1	2	4
(151)	- Purchase of own shares		(14)		(151)
11	- Adjustment for share and share option awards	(1)	3	3	10
(166)	- Dividends paid in the period	(49)	(45)	(138)	(122)
(299)		(50)	(55)	(133)	(259)
(1,658)	Total recognised income and expense for the period	(1,847)	(1,476)	(3,265)	(1,398)
(1,957)	Movement in shareholders' funds for the period	(1,897)	(1,531)	(3,398)	(1,657)
8,747	Opening equity shareholders' funds	5,289	8,621	6,790	8,747
6,790	Closing equity shareholders' funds	3,392	7,090	3,392	7,090

Consolidated Cash Flow Statement

for the period ended 31 December 2008

Year ended 31 March 2008 Audited £m		Three months ended 31 December 2008		Nine months ended 31 December 2008	
		2007 Unaudited £m	2007 Unaudited £m	2007 Unaudited £m	2007 Unaudited £m
536	Rental income received from tenants	120	132	355	386
32	Fees and other income received	4	4	26	29
(91)	Operating expenses paid to suppliers and employees	(21)	(18)	(62)	(71)
477	Cash generated from operations	103	118	319	344
(373)	Interest paid	(51)	(95)	(185)	(275)
19	Interest received	11	5	18	15
(3)	UK corporation tax received (paid)	19	(1)	17	(3)
(1)	Foreign tax paid				(1)
47	Distributions received: funds and joint ventures	6	4	17	42
16	Songbird Estates				16
182	Net cash inflow from operating activities	88	31	186	138
	Cash flows from investing activities				
(119)	Purchase of investment properties	(107)		(107)	(118)
(523)	Development and other capital expenditure	(99)	(126)	(358)	(343)
1,460	Sale of investment properties	87	67	864	1,190
(291)	REIT conversion charge paid			(6)	(291)
2	Sale of investments				2
32	Indirect taxes in respect of investing activities	(6)		(4)	32
272	Establishment of BL Sainsbury Superstores Joint Venture				
(90)	Investment in and loans to funds and joint ventures	(15)	(5)	(42)	(90)
88	Capital distributions received: funds and joint ventures			2	50
30	Songbird Estates				30
(4)	Purchase of subsidiary companies (net of cash acquired)		(4)		(4)
857	Net cash (outflow) inflow from investing activities	(140)	(68)	349	458
	Cash flows from financing activities				
7	Issue of ordinary shares		1	2	4
(151)	Purchase of own shares		(14)		(151)
(161)	Dividends paid	(50)	(40)	(136)	(117)
	Movement in other financial liabilities	(45)		5	
(686)	(Decrease) increase in bank and other borrowings	242	(33)	(173)	(196)
(991)	Net cash (outflow) inflow from financing activities	147	(86)	(302)	(460)
48	Net increase (decrease) in cash and cash equivalents	95	(123)	233	136
191	Opening cash and cash equivalents	377	450	239	191
239	Closing cash and cash equivalents	472	327	472	327
	Cash and cash equivalents consists of:				
244	Cash and short-term deposits	475	330	475	330
(5)	Overdrafts	(3)	(3)	(3)	(3)
239		472	327	472	327

Notes to the accounts (unaudited)

1. Performance measures

Year ended 31 March 2008	Earnings (loss) per share (diluted)		Three months ended 31 December 2007		Nine months ended 31 December 2007	
	£m	Pence per share	£m	Pence per share	£m	Pence per share
284			72		207	
(8)			(2)		(6)	
276	53 p		61	12 p	201	39 p
		Underlying earnings per share				
		Realisation of cash flow hedges				
13		Tax and other items	(41)		(41)	
289	56 p	EPRA earnings (loss) per share	20	4 p	160	31 p
(1,563)	(303) p	Loss for the period after taxation	(1,587)	(311) p	(2,899)	(567) p

The European Public Real Estate Association (EPRA) issued Best Practices Policy Recommendations in November 2006, which gives guidelines for performance measures. The **EPRA earnings measure** excludes investment property revaluations and gains on disposals, intangible asset movements and their related taxation.

Underlying earnings consists of the EPRA earnings measure, with additional company adjustments. Adjustments include realisation of cash flow hedges and prior year tax items.

The weighted average number of shares in issue for the nine month period was: basic: 509m (three months ended 31 December 2008: 509m; year ended 31 March 2008: 512m; nine months ended 31 December 2007: 516m; three months ended 31 December 2007: 512m); diluted for the effect of share options: 511m (three months ended 31 December 2008: 511m; year ended 31 March 2008: 516m; nine months ended 31 December 2007: 517m; three months ended 31 December 2007: 512m). Basic earnings (loss) per share (undiluted) for the nine month period were (570)p (three months ended 31 December 2008: (312)p; year ended 31 March 2008: (305)p; nine months ended 31 December 2007: (256)p; three months ended 31 December 2007: (257)p). Earnings per share shown in the table above are diluted.

31 March 2008	Net asset value (NAV)		31 December 2008		31 December 30 September 2008	
	£m		£m		£m	
6,790		Balance sheet net assets	3,392		7,090	5,289
102		Deferred tax arising on revaluation movements	33		107	63
(3)		Mark to market on effective cash flow hedges and related debt adjustments	257		(21)	(2)
47		Dilution effect of share options	10		53	43
6,936		EPRA NAV	3,692		7,229	5,393
1344 p		EPRA NAV per share	718 p		1401 p	1043 p

The **EPRA NAV per share** excludes the mark to market on effective cash flow hedges and related debt adjustments, deferred taxation on revaluations and is calculated on a fully diluted basis.

At 31 December 2008, the number of shares in issue was: basic: 510m (30 September 2008: 510m; 31 March 2008: 509m; 31 December 2007: 511m); diluted for the effect of share options: 514m (30 September 2008: 517m; 31 March 2008: 516m; 31 December 2007: 516m).

Total return per share of minus 44.6% represents a reduction in EPRA NAV per share of 626p net of dividends paid of 27p (being the final two quarters of the 35p full year 2008 dividend and the first 2009 interim dividend of 9.375p, see note 7) in the nine months to 31 December 2008. Total return per share for the year ended 31 March 2008 was minus 18.1%.

2. Income statement notes

Year ended 31 March 2008 £m	Three months ended 31 December		Nine months ended 31 December	
	2008	2007	2008	2007
	£m	£m	£m	£m
Gross and net rental income				
547	117	132	357	408
46	8	16	26	37
3				3
596	125	148	383	448
49	12	12	37	38
645	137	160	420	486
(49)	(12)	(12)	(37)	(38)
(35)	(7)	(5)	(17)	(23)
561	118	143	366	425
Fees and other income				
Performance and management fees (from funds and joint ventures)				
21	3	6	10	16
16				16
3	1	1	3	4
40	4	7	13	36
30				30
70	4	7	13	66
Net revaluation gains (losses) on property and investments				
Income statement				
(1,588)	(1,197)	(1,155)	(2,356)	(1,342)
26	(30)	(4)	(78)	32
	(57)		(57)	
(1,562)	(1,284)	(1,159)	(2,491)	(1,310)
(354)	(351)	(232)	(616)	(288)
(1,916)	(1,635)	(1,391)	(3,107)	(1,598)
Consolidated statement of recognised income and expense				
57		(51)	(44)	43
3		(3)	(3)	4
(70)	(15)	(40)	(88)	(70)
(1,926)	(1,650)	(1,485)	(3,242)	(1,621)
Tax expense (income)				
3	(3)	1	1	4
1				
4	(3)	1	1	4
(4)		(1)		(3)
	(3)		1	1
(46)	(24)	(8)	(43)	(42)
(46)	(27)	(8)	(42)	(41)
(2)	(3)	4	(11)	7
(48)	(30)	(4)	(53)	(34)

Tax attributable to underlying profits for the nine months ended 31 December 2008 was £6m (three months to 31 December 2008: £2m; year to 31 March 2008: £8m; nine months to 31 December 2007: £8m; three months to 31 December 2007: £2m).

3. Property

Total property interests are £10,171m at 31 December 2008 comprising properties held by the Group of £7,651m, share of properties held by funds of £969m and share of properties held by joint ventures of £1,551m. Properties were valued on the basis of market value, supported by market evidence, in accordance with the Appraisal and Valuation Standards published by The Royal Institution of Chartered Surveyors.

31 March 2008 £m		31 December 2008 £m	31 December 2007 £m	30 September 2008 £m
9,389	Investment properties	7,258	11,062	8,321
1,062	Development properties	374	987	418
53	Owner-occupied property	39	54	45
10,504	Carrying value of properties on balance sheet	7,671	12,103	8,784
(35)	Head lease liabilities	(20)	(35)	(26)
10,469	Total British Land Group property portfolio valuation	7,651	12,068	8,758

At 31 December 2008 Group properties valued at £5,286m* were subject to a security interest (30 September 2008: £6,120m, 31 March 2008: £7,162m; 31 December 2007: £8,473m) and other properties of non-recourse companies amounted to £2m* (30 September 2008: £2m, 31 March 2008: £2m; 31 December 2007: £10m).

* See note 5.3

4. Funds and joint ventures

Summary of British Land's share of investments in funds and joint ventures at 31 December 2008

	Underlying profit (three months) £m	Underlying profit (nine months) £m	Net Investment £m	Gross assets £m	Gross liabilities £m
Share of funds	5	15	487	1,023	(536)
Share of joint ventures	6	23	486	1,663	(1,177)
Total	11	38	973	2,686	(1,713)

At 31 December 2008 the investment in Joint Ventures included within the total net investment in Funds and Joint Ventures was £500m* (30 September 2008: £725m; 31 March 2008: £833m; 31 December 2007: £634m).

Amounts owed to joint ventures at 31 December 2008 were £31m* (30 September 2008: £30m; 31 March 2008: £29m; 31 December 2007: £29m).

* See note 5.3

British Land's share of the results of funds and joint ventures

Year ended 31 March 2008 £m		Three months ended 31 December		Nine months ended 31 December	
		2008 £m	2007 £m	2008 £m	2007 £m
113	Gross rental income	34	26	107	81
106	Net rental and related income	33	24	102	76
(6)	Other income and expenditure	(1)	(1)	(3)	(4)
(60)	Net financing costs	(21)	(15)	(61)	(45)
40	Underlying profit before taxation	11	8	38	27
(354)	Net valuation and disposal movements	(351)	(232)	(616)	(288)
9	Non-recurring items				9
(3)	Goodwill impairment				(2)
(308)	Loss on ordinary activities before taxation	(340)	(224)	(578)	(254)
1	Current tax		(1)	4	(4)
1	Deferred tax	3	(3)	7	(3)
(306)	Loss on ordinary activities after taxation	(337)	(228)	(567)	(261)

5. Net Debt

31 March 2008 £m		31 December 2008 £m	31 December 2007 £m	30 September 2008 £m
2,869	Securitisations	2,834	3,600	2,846
1,172	Debentures	1,169	1,173	1,171
785	Bank loans and overdrafts	677	1,260	399
436	Other bonds and loan notes	464	436	445
<u>5,262</u>	Gross debt	<u>5,144</u>	<u>6,469</u>	<u>4,861</u>
31	Interest rate and currency derivative liabilities	214	30	28
(17)	Interest rate and currency derivative assets	(16)	(38)	(20)
5,276		5,342	6,461	4,869
(244)	Cash and short-term deposits	(475)	(330)	(387)
<u>5,032</u>	Net debt	<u>4,867</u>	<u>6,131</u>	<u>4,482</u>

- Gross debt at 31 December 2008 includes £123m due within one year (30 September 2008: £59m; 31 March 2008: £111m; 31 December 2007: £124m).
- Undrawn committed bank facilities at 31 December 2008 amounted to £2,437m.
- The **financial covenants** applicable to the Group unsecured debt are:
 - Net Borrowings not to exceed 175% of Adjusted Capital and Reserves.** At 31 December 2008 the ratio is **113%**:
 - Net Borrowings are **£4,710m**, being the principal amount of gross debt of £5,131m plus amounts owed to joint ventures of £31m (see note 4) and TPP Investments Ltd of £23m (see note 9), less the cash and short-term deposits of £475m; and
 - Adjusted Capital and Reserves are **£4,150m**, being share capital and reserves of £3,392m (balance sheet), adjusted for £33m of deferred tax (see note 1), £468m exceptional refinancing charges (see note 6) and £257m mark to market on interest rate swaps (see note 1); and
 - Net Unsecured Borrowings not to exceed 70% of Unencumbered Assets.** At 31 December 2008 the ratio is **29%**:
 - Net Unsecured Borrowings are **£851m**, being the principal amount of gross debt of £5,131m plus amounts owed to joint ventures of £31m (see note 4) less cash and deposits not subject to a security interest of £53m less the principal amount of secured and non-recourse borrowings of £4,258m; and
 - Unencumbered Assets are **£2,887m** being properties of £7,651m (see note 3) plus investments in funds and joint ventures of £973m (balance sheet) and other investments of £51m (balance sheet) less investments in joint ventures of £500m (see note 4) and encumbered assets of £5,288m (see note 3).
- The **Group Loan to Value** ratio at 31 December 2008 is **54%**, being gross debt of £5,144m less cash and short-term deposits of £475m, divided by total Group property of £7,651m (see note 3) plus investments in Funds and Joint Ventures of £973m and other investments of £51m (balance sheet).

6. Reserves

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m
At 1 April 2007	130	1,263	532	6,822	8,747
Total recognised income and expense			(31)	109	78
Share issues		3			3
Purchase of own shares				(137)	(137)
Adjustment for share and share option awards				7	7
Dividends paid in the period				(77)	(77)
At 30 September 2007	130	1,266	501	6,724	8,621
At 1 October 2007	130	1,266	501	6,724	8,621
Total recognised income and expense			(158)	(1,318)	(1,476)
Share issues		1			1
Purchase of own shares				(14)	(14)
Adjustment for share and share option awards				3	3
Dividends paid in the period				(45)	(45)
At 31 December 2007	130	1,267	343	5,350	7,090
At 1 January 2008	130	1,267	343	5,350	7,090
Total recognised income and expense			(8)	(252)	(260)
Share issues	1	2			3
Purchase of own shares					
Adjustment for share and share option awards				1	1
Dividends paid in the period				(44)	(44)
At 31 March 2008	131	1,269	335	5,055	6,790
At 1 April 2008	131	1,269	335	5,055	6,790
Total recognised income and expense			(105)	(1,313)	(1,418)
Reallocation			(219)	219	
Share issues		2			2
Adjustment for share and share option awards				4	4
Dividends paid in the period				(89)	(89)
At 30 September 2008	131	1,271	11	3,876	5,289
At 1 October 2008	131	1,271	11	3,876	5,289
Total recognised income and expense			(259)	(1,588)	(1,847)
Share issues					
Adjustment for share and share option awards				(1)	(1)
Dividends paid in the period				(49)	(49)
At 31 December 2008	131	1,271	(248)	2,238	3,392

At 31 December 2008, of the issued 25p ordinary shares, 2m shares were held in the ESOP Trust (30 September 2008: 2m; 31 March 2008: 2m; 31 December 2007: 3m), 11m shares were held as Treasury shares (30 September 2008: 11m; 31 March 2008: 11m; 31 December 2007: 11m) and 510m shares were in free issue (30 September 2008: 510m; 31 March 2008: 509m; 31 December 2007: 508m). All issued shares are fully paid.

In calculating Adjusted Capital and Reserves for the purpose of the unsecured debt financial covenants, there is an adjustment of £468m to reflect the cumulative net amortised exceptional items relating to the refinancings in the years ending 31 March 2005, 2006 and 2007, see also note 5.3.

7. Dividends

The proposed third interim dividend of 9.375 pence per share, totalling £48m, was approved by the Board on 11 February 2009 and is payable on 15 May 2009 to shareholders on the register at the close of business on 27 February 2009. This record date has been brought forward on account of the Rights Issue announced with these results. The dividend is 100% property income distribution (PID). The PID element of the dividend, as required by REIT legislation, may vary over time and is paid after deduction of withholding tax at the basic rate (20% for 2008/2009). However, certain classes of shareholder may be able to claim exemption from deduction of withholding tax. Please refer to our website (www.britishland.com) for details. The non-PID element will be treated as a normal dividend.

The 2009 second interim dividend of 9.375 pence per share, totalling £48m, is payable on 13 February 2009.

The reconciliation of movements in shareholders' funds shows total dividends paid in the nine month period to 31 December 2008 of £138m being the third 2008 interim dividend of £45m (8.75 pence per share) paid on 19 May 2008, the 2008 final dividend of £44m (8.75 pence per share) paid on 15 August 2008, and the first 2009 interim dividend of £49m (9.375 pence per share) paid on 14 November 2008.

The Company offers shareholders the option to reinvest their cash dividends automatically in the Company's shares through the Dividend Reinvestment Plan (DRIP). The DRIP will apply to both the PID and non-PID elements of the dividend for those shareholders who have elected to participate in the plan. Further details of the DRIP can be found on the Company's website (www.britishland.com) or by calling Equiniti's DRIP helpline on 0871 384 2268.

8. Segment information

Since the UK is the predominant location of the Group's property portfolio, these financial statements and related notes represent the results and financial position of the Group's primary business segment. The secondary reporting format by property use is shown below:

	Offices		Retail		Other		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	£m	£m	£m	£m	£m	£m	£m	£m
Nine months ended 31 December								
Revenue	201	247	215	277	17	23	433	547
Net rental income	175	173	176	237	15	15	366	425
Segment assets	3,926	5,656	4,510	7,495	861	1,054	9,297	14,205
Capital expenditure	312	447	148	87		17	460	551
Three months ended 31 December								
Revenue	65	67	71	89	5	5	141	161
Net rental income	58	61	55	80	5	2	118	143
Capital expenditure	74	105	116	27		1	190	133

Segment assets include the Group's investment in funds and joint ventures.

9. Contingent liabilities

TPP Investments Limited, a wholly owned ring-fenced special purpose subsidiary, is a partner in The Tesco British Land Property Partnership and, in that capacity, has entered into a secured bank loan under which its liability is limited to £23m (30 September 2008, 31 March 2008, 31 December 2007: £23m) and recourse is only to the partnership assets.

10. Related party transactions

Details of transactions with funds and joint ventures including debt guarantees by the Company are given in notes 2 and 9. Amounts owed to joint ventures are detailed in note 4.

There have been no material changes in the related party transactions described in the last annual report.

11. Events after the balance sheet date

On 9 February 2009 the Company announced the sale of 50% of Meadowhall Shopping Centre and its associated debt for cash consideration of £170m, some £47m of which is deferred. The Company's remaining 50% interest will be reclassified as an interest in a joint venture.

On 12 February 2009 the Company will announce a fully underwritten Rights Issue to raise some £767m. The net proceeds are anticipated to be £740m, after expenses in connection with the Rights Issue of approximately £27m.

12. Basis of preparation

The financial information for the period ended 31 December 2008 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report, and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

The financial information included in this announcement has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) and in accordance with IAS 34 'Interim Financial Reporting'. The same accounting policies, estimates, presentation and methods of computation are followed in the quarterly report as applied in the Group's latest annual audited financial statements. The current period financial information presented in this document is unaudited.

The interim financial information was approved by the Board on 11 February 2009.

Table A**Summary income statement based on proportional consolidation
for the period ended 31 December 2008**

The following pro forma information is unaudited and does not form part of the consolidated primary statements or the notes thereto. It presents the results of the Group, with its share of the results of funds and joint ventures included on a line by line, i.e. proportional basis. The underlying profit before taxation and total profit after taxation are the same as presented in the consolidated income statement.

Year ended 31 March 2008 <u>£m</u>		Three months ended			Nine months ended	
		31 December 2008 <u>£m</u>	30 September 2008 <u>£m</u>	30 June 2008 <u>£m</u>	31 December 2008 <u>£m</u>	31 December 2007 <u>£m</u>
709	Gross rental income	159	162	169	490	529
667	Net rental income	151	155	162	468	501
40	Fees and other income	4	5	5	14	36
(73)	Administrative expenses	(16)	(16)	(17)	(49)	(58)
(350)	Net interest costs	(76)	(74)	(76)	(226)	(264)
284	Underlying profit before taxation	63	70	74	207	215
9	Non-recurring items					9
(1,916)	Net valuation movement (includes profits and losses on disposal)	(1,635)	(821)	(651)	(3,107)	(1,598)
	Interest rate derivatives	(41)			(41)	
(15)	Amortisation of intangible assets	(4)	(3)	(4)	(11)	(8)
30	Songbird Estates plc dividend (capital)					30
(3)	Goodwill impairment					(2)
(1,611)	Loss on ordinary activities before taxation	(1,617)	(754)	(581)	(2,952)	(1,354)
(8)	Tax charge relating to underlying profit	(2)	(3)	(1)	(6)	(8)
47	Deferred tax	27	12	11	50	39
9	Other taxation	5	(2)	6	9	3
(1,563)	Loss for the period after taxation	(1,587)	(747)	(565)	(2,899)	(1,320)
53p	Underlying earnings per share - diluted basis	12 p	13 p	14 p	39 p	40 p

The underlying earnings per share is calculated on underlying profit before taxation of £207m, tax attributable to underlying profits of £6m and 511m shares on a diluted basis, for the nine months ended 31 December 2008, and underlying profit before taxation of £63m, tax attributable to underlying profits of £2m and 511m shares on a diluted basis, for the three months ended 31 December 2008.

Table A (continued)**Summary balance sheet based on proportional consolidation
as at 31 December 2008**

The following pro forma information is unaudited and does not form part of the consolidated primary statements or the notes thereto. It presents the composition of the EPRA net assets of the Group, with its share of the net assets of funds and joint ventures included on a line by line, i.e. proportional basis and assuming full dilution.

31 March 2008 £m		31 December 2008 £m	31 December 2007 £m	30 September 2008 £m
7,661	Retail properties	6,018	8,578	6,829
5,505	Office properties	3,925	5,656	4,468
305	Other properties	228	346	274
13,471	Total properties	10,171	14,580	11,571
197	Other investments	51	197	122
39	Intangible assets	29	46	33
(358)	Other net liabilities	(455)	(379)	(407)
(6,413)	Net debt	(6,104)	(7,215)	(5,926)
6,936	EPRA NAV (note 1)	3,692	7,229	5,393
1344 p	EPRA NAV per share (note 1)	718 p	1401 p	1043 p
Total property valuations including share of funds and joint ventures				
10,469	British Land Group	7,651	12,068	8,758
Share of funds and joint ventures				
2,889	Investment properties	2,526	2,412	2,706
119	Development properties		106	113
(6)	Head lease liabilities	(6)	(6)	(6)
3,002		2,520	2,512	2,813
13,471	Total property portfolio valuation	10,171	14,580	11,571
Calculation of EPRA NNNAV per share				
6,936	EPRA NAV	3,692	7,229	5,393
(102)	Deferred tax arising on revaluation movements	(33)	(107)	(63)
3	Mark to market on effective cash flow hedges and related debt adjustments	(257)	21	2
582	Mark to market on debt	1,022	274	802
7,419	EPRA NNNAV	4,424	7,417	6,134
1438 p	EPRA NNNAV per share	861 p	1437 p	1186 p

EPRA NNNAV is the EPRA NAV adjusted to reflect the fair value of the debt and derivatives and to include the deferred taxation on revaluations.

INDEPENDENT REVIEW REPORT TO THE BRITISH LAND COMPANY PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the quarterly financial report for the nine months ended 31 December 2008 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of recognised income and expense, the reconciliation of movements in shareholders' funds, the consolidated cash flow statement and related notes 1 to 12. We have read the other information contained in the quarterly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The quarterly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the quarterly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority. As disclosed in note 12, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this quarterly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the quarterly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of quarterly financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the financial report for the nine months ended 31 December 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP

Chartered Accountants and Registered Auditor
11 February 2009
London, United Kingdom