

**THE BRITISH LAND COMPANY PLC  
THIRD QUARTER REPORT – THREE MONTHS TO 31 DECEMBER 2009**

**Good performance demonstrates quality of portfolio and active asset management**

**Third Quarter Results**

- NAV<sup>1</sup> up 18% to 438p. IFRS Net Assets £3.6 billion
- Portfolio valuation up 8.2% with strong growth in all main subsectors
- Underlying profit before tax<sup>2</sup> £58 million, Underlying EPS<sup>2</sup> 7 pence (Q3 2008/9: £63 million; 10 pence<sup>3</sup>) includes effects of portfolio re-balancing during 2009
- IFRS pre-tax profit £611 million (Q3 2008/9: loss £1,614 million)
- 1.4% like for like rental income growth compared to Q3 2008/9
- Quarterly dividend of 6.5p

**Business Highlights**

- Over 250,000 sq ft under offer at Ropemaker Place and Broadgate Tower
- £3.6 million pa of new retail rent generated from 1.7 million sq ft of lettings and rent reviews
- Broadgate JV with Blackstone commenced
- £240 million of new investments and £128 million of development spend in the year to date
- 370,000 sq ft of West End office developments now complete

**£8 billion prime portfolio resilient and positioned to deliver growth**

- Retail portfolio 99% let and offers growth from 750,000 sq ft of potential extensions
- Q3 footfall up 5% across retail parks & Meadowhall, exceeds UK average (3%<sup>4</sup>)
- Over 650,000 sq ft of new London office space available to benefit from market upturn
- Rent contracted in 3 years time already at 97% of current rent
- Strong balance sheet with substantial capacity to invest over next 18 months

<sup>1</sup> EPRA (European Public Real Estate Association) basis

<sup>2</sup> see Note 1 to the accounts

<sup>3</sup> restated for Rights Issue

<sup>4</sup> as reported by British Retail Consortium

**Chris Grigg, Chief Executive, comments:**

“Our third quarter performance saw a continued recovery with strong valuation growth right across the portfolio. The significant increase in our property valuation reflects the quality of the portfolio and focus on asset management. Our retail estate is virtually 100% let and characterised by prime locations and strong customer relationships. Our office portfolio is well positioned as London letting activity picks up. We have over 250,000 sq ft of space under offer, including nearly 220,000 sq ft to Macquarie, and have over 650,000 sq ft of additional new space available from recent development activity.

“During the quarter we commenced the Broadgate JV with Blackstone, an important part of our long-term plan to re-balance the portfolio. We are investing in high quality opportunities such as Surrey Quays, where we can add considerable value, and we expect further attractive assets to emerge over the next 18 months. We’re well placed: British Land combines a prime portfolio, strong income profile, talented people, and significant financial firepower.”

## REVIEW BY THE CHIEF EXECUTIVE

The early signs of recovery seen in the second quarter extended right across our portfolio during the last three months of 2009, with a significant increase in property valuation of 8.2%. The net asset value is now 438 pence per share, up 18% since September 2009. The investment market has improved; with buyers outweighing sellers. Inward yield shift, rather than rental growth, was the main driver of improved valuation. Like for like rental income was up 1.4%, ahead of IPD (-0.3%), reflecting the quality and attractiveness of our £8 billion prime portfolio and focus on asset management.

Our retail portfolio is 99% let. It is principally in prime out of town locations and characterised by very strong customer relationships. Its appeal to both retailers and consumers is demonstrated by over 280,000 sq ft of retail lettings achieved in the quarter, and the 5% increase in footfall across our retail parks and Meadowhall shopping centre. This exceeded the national average of 3%. We also have some 750,000 sq ft of extensions with planning consent in our out of town retail parks offering organic growth potential.

Our office portfolio is well positioned in the context of improved letting activity and, in particular, we currently have over 250,000 sq ft under offer on terms ahead of valuation, including nearly 220,000 sq ft to Macquarie Group at Ropemaker Place. We also have over 650,000 sq ft of available Grade A space from our recent office development activity and we anticipate that future lettings will also be value-accretive.

In November, we commenced the Broadgate joint venture, an important part of our long-term plan to re-balance our portfolio and we look forward to working with Blackstone to maximise returns from the estate. So far this year we have invested £240 million and spent a further £128 million on development. The acquisition of a 50% interest in Surrey Quays Shopping Centre and Clifton Moor Retail Park established our fifth JV with Tesco plc and provides considerable opportunities to add value. The Sainsbury's store purchased in Macclesfield also offers sustainable growth prospects. We expect further opportunities to add to our £8bn prime investment portfolio to emerge over the next 18 months.

Stephen Smith and Charles Maudsley have now joined our executive team. They bring significant property expertise and experience and will make a strong contribution to the business. We are also pleased to welcome Richard Pym and Dido Harding, who have joined the Board as non-executive directors.

We have made a number of key decisions to ensure our portfolio is resilient and capable of performing well in a variety of potential market conditions. This approach is appropriate in the context of uncertainty of the timing and strength of UK economic recovery. British Land is now well positioned, combining a prime portfolio, strong income profile, talented people, and significant financial firepower. Intense asset management lies at the heart of our approach to real estate and enables us to realise value from strong relationships with occupiers, locate good quality opportunities, and maximise value.

## **BUSINESS REVIEW**

### **Portfolio Valuation**

Our portfolio valuation rose by 8.2% in the quarter and contributed to an overall uplift of 6.1% for the 9 months to 31 December 2009. The capital return from the UK portfolio of 6.2% over the 9 months, as measured by IPD (calculated on average capital employed and excluding capitalised interest), outperformed the IPD Benchmark by 1.0%.

The retail portfolio increased 8.4% in value during the third quarter (7.5% for the 9 months), with retail warehouses, superstores and department stores performing particularly strongly, reflecting the depth of investor appetite for this product. Rental value decline in the third quarter was 0.5% (-3.6% over the 9 months).

The office portfolio performed well over the third quarter, up 8.2% (3.3% for the 9 months). Rental values in Central London began to stabilise over the last 3 months, with the City portfolio exhibiting a decline of 1.2% (-11.4% for the 9 months) and West End unchanged (-12.5% for the 9 months). Since the beginning of 2010, there is evidence of improving rental values.

The gross top-up initial yield on the portfolio is now 6.7%. The initial yield for the portfolio has shown a like for like inward shift of 41 bps over the three months to 31 December 2009, whilst the net equivalent yield has moved inwards by 55 bps to 6.5% as yields improved.

### **Asset Management**

Our asset managers have continued to focus on maximising occupancy and cash flow within the existing estate, generating an additional £5.0 million per annum of rent (taking into account letting incentives) in the quarter, from:

- 53 rent reviews covering 1.4 million sq ft at 19% ahead overall of previous passing rent. Among these, the strongest performers continue to come from within our retail warehouse and superstore portfolios.
- 69,000 sq ft of lease renewals and 276,000 sq ft of new lettings, with a combined average lease length of 8 years to first break. In total, 80% of lettings and renewals had a new lease term of more than five years to first break.

In offices, we have let nearly 60,000 sq ft in the last quarter. Liberum Capital has taken 21,000 sq ft at Ropemaker Place and we have let some 38,000 sq ft at Broadgate Tower to Itochu and Greenlight Marketing. Since December we have completed or placed under offer a further 278,000 sq ft at Ropemaker Place and Broadgate Tower, including terms agreed with Macquarie Group for the letting of 217,000 sq ft at Ropemaker.

In the quarter we completed a total of 282,000 sq ft of lettings and renewals within our retail warehouse and shopping centre portfolios. At Meadowhall, we have exchanged some 48,000 sq ft of lettings bringing in new retailers such as Aldo, Cult, Firetrap, Lipsy and Office.

Footfall increased by 5%, year-on-year, across our retail parks and Meadowhall shopping centre for the three months ended 31 December 2009. This compared with a national average of 3% (as reported by the British Retail Consortium).

The strength of our retail team has been acknowledged by being voted Landlord of the Year 2009 and Service Charge Provider of the Year 2009 by UK retailers at the Property Managers Association (PMA) Awards. In addition, British Land was named National Property Company of the Year at the Estates Gazette Awards.

## Income

Our portfolio's income profile continues to be one of the strongest in the sector with rent contracted in 3 years time already at 97% of current rent, taking into account lease expiries and future contracted income. Occupiers in administration have marginally decreased since September 2009 from 0.8% to 0.7% of total rent.

	Retail	Offices	Total Portfolio
Occupancy rate <sup>1</sup>	99%	84%	<b>94%</b>
Average lease length <sup>2</sup>	14 years	9 years	<b>13 years</b>
% of rent subject to break or expiry over next 3 years	5%	13%	<b>7%</b>

<sup>1</sup> underlying occupancy including accommodation subject to asset management and under offer

<sup>2</sup> weighted average lease length to first break

Retail occupancy increased from 98% to 99% in the three months to December 2009 as a result of active asset management and our focus on destinations where retailers trade profitably. In the office portfolio, the movement in occupancy to 84% reflects the completion of Regent's Place One & Two, NW1. 655,000 sq ft (94%) of our available office space is brand new and therefore well placed to benefit from the improving occupier market and we anticipate that future lettings will be value-accretive. Excluding recent developments, office occupancy increased from 98% to 99% in the third quarter.

## Investment

We have made £240 million of new investments during the last 9 months in our main retail and office segments, including £121 million since September 2009.

This included the acquisition of a 50% interest in Surrey Quays Shopping Centre, South East London and Clifton Moor Retail Park, York. The property value attributable to the 50% interest was £87 million, representing a net initial yield of 5.3% for the two Tesco anchor stores, 8.5% for the shopping centre and 8.2% for the retail warehouse units. Both schemes offer attractive asset management opportunities to improve the retail mix and enhance footfall over the short and medium term. In addition, we will be working with our JV partner on the long-term future development of this important suburb of London.

We have also purchased a £31 million superstore in Macclesfield at a 5.0% net initial yield. The 75,000 sq ft store is leased to Sainsbury's for 29 years and is the town's main food store. The income is subject to annual RPI reviews with a floor of 2% and ceiling of 4% per annum.

## **Development**

Our 490,000 sq ft West End office and residential scheme at Regent's Place has completed. The residential element has already been sold ahead of our expectations and we are seeing encouraging occupier interest for the office space.

With sites valued at £143 million, offering a potential for approximately 4 million square feet of development we have been positioning ourselves so that projects can be activated quickly as market conditions improve.

We will shortly be submitting planning application for the substantial refurbishment of 4 & 6 Broadgate, EC2 which would position us to deliver the buildings by early 2013.

In addition, we are actively reviewing some 750,000 sq ft of retail park extensions which, given the tough planning environment in this sector of the market, would offer exciting growth prospects as and when we see positive market rental growth.

**FINANCIAL RESULTS**

(Data presented on a proportionally consolidated basis - Table A – unless otherwise stated)

<b>Income Statement</b>	<b>Q3 2009/10</b>	<b>Q3 2008/9</b>
Underlying pre-tax profit	<b>£58m</b>	£63m
Net rental income	<b>£128m</b>	£151m
Net interest costs	<b>£54m</b>	£76m
IFRS pre-tax profit/(loss)	<b>£611m</b>	£(1,614)m
Underlying earnings per share	<b>7p</b>	10p <sup>1</sup>

<b>Balance Sheet</b>	<b>December 2009</b>	<b>September 2009</b>
Diluted EPRA Net Assets	<b>£3,813m</b>	£3,200m
EPRA NAV per share	<b>438p</b>	372p

<sup>1</sup>restated for the Rights Issue

The results for the third quarter 2009/10 have been dominated by an acceleration of the valuation increase seen in the previous quarter. The Group's underlying profits and cash flows reflect our completion of the re-balancing of the portfolio through property disposals. Letting our brand new office space at or ahead of the December valuer's assumptions would replace the earnings dilution from disposals in the year to date. Additional property acquisitions would also add to underlying profit. The timing of these lettings and re-investment remains subject to market conditions.

**Underlying profit before tax** for the quarter was £58 million, 8% lower than the corresponding period in the prior year. This reflects a 15% reduction in net rental income to £128 million, due to property disposals made over the last 15 months, mostly offset by a 29% reduction in net financing costs to £54 million (net of interest capitalised on development of £3 million). Fees and other income at £1 million were reduced from £4 million in the third quarter 2008/9. The **IFRS pre-tax profit** was £611 million, compared to a loss of £1.6 billion in the third quarter 2008/9, reflecting the impact of gains on asset revaluations.

**Like for like rental income growth** for the third quarter 2009/10 was up 1.4% overall compared with the third quarter 2008/9. Retail increased 2.0% driven by retail warehouses (up 4.1%) and superstores (up 3.3%), whilst shopping centres declined 3.7%. Offices were unchanged, where a 1.1% decline in the City portfolio was offset by an increase of 3.9% in the West End.

**EPRA net assets** at 31 December 2009 were £3,813 million, or 438 pence per share, an increase of 18% against 30 September 2009, due principally to the increase in property valuations. The Total Return for the quarter was 20%.

<b>Movement in EPRA NAV per share</b>	<b>Q3 2009/10</b>	Q2 2009/10	Q1 2009/10
	<b>pence</b>	pence	pence
Property and investment revaluation movements <sup>1</sup>	65	9	(38)
Underlying profit after tax	7	8	7
Dividend paid (including scrip)	(6)	(6)	(6)
<b>EPRA NAV per share</b>	<b>438</b>	<b>372</b>	<b>361</b>
EPRA NNNNAV per share	466	438	477

<sup>1</sup> including asset disposals

In the financial year to date, the cash dividend was taken up by 60% of shareholders and was covered 1.7 times by underlying profits after tax. Some 40% of shareholders opted for the enhanced scrip alternative, resulting in the issue of 11.3 million shares.

**Total properties** owned at 31 December 2009, including our share of Funds and Joint Ventures, were £7.9 billion or £12.7 billion including properties under management. **Net debt**, including our share of Funds and Joint Ventures, amounted to £4.1 billion and has reduced by £0.8 billion during the quarter and over £2.0 billion since December 2008 as a result of disposals (including sales into joint venture) and the rights issue in March 2009.

<b>Financing statistics</b>	<b>Group only</b>	<b>Group and share of Funds &amp; Joint Ventures</b>
Net debt	£1,500m	£4,057m <sup>2</sup>
Weighted average debt maturity	12.5 yrs	11.2 yrs
Weighted average interest rate	5.5%	5.2%
Loan to value <sup>1</sup>	27%	50%

<sup>1</sup> debt to property and investments

<sup>2</sup> EPRA (European Public Real Estate Association) basis

In addition, the Group has £2.8 billion of committed undrawn facilities with an average margin of 47 bps per annum and £342 million of cash giving us substantial capacity to invest. Of the facilities, some £1.7 billion have a maturity of more than 3 years.

## Dividend

The third quarter dividend 2009/10 of 6.5 pence per share, totalling £56 million, is payable on 14 May 2010 to shareholders on the register at close of business on 9 April 2010.

A scrip alternative is being offered to shareholders with the third quarter dividend. Further information can be obtained from the website at [www.britishland.com/investors/dividends/scrip](http://www.britishland.com/investors/dividends/scrip). This dividend will be entirely a 'normal' dividend (see Note 7 to the accounts).

The second quarter 2009/10 dividend of 6.5 pence per share is payable to shareholders on 12 February 2010.

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This report contains certain “forward-looking” statements reflecting current views on our markets, activities and prospects. 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.

## PORTFOLIO VALUATION

Valuation By sector	Group £m	Funds/JVs £m <sup>1</sup>	Total £m	Change % <sup>2</sup>		Portfolio %
				3 months	9 months	
<b>Retail:</b>						
Retail warehouses	1,527	966	<b>2,493</b>	9.3	6.9	31.6
Superstores	126	1,100	<b>1,226</b>	8.9	14.9	15.5
Shopping centres	192	923	<b>1,115</b>	5.0	-0.9	14.1
Department stores <sup>3</sup>	420	-	<b>420</b>	10.8	16.9	5.3
<b>All retail<sup>4</sup></b>	<b>2,265</b>	<b>2,989</b>	<b>5,254</b>	<b>8.4</b>	<b>7.5</b>	<b>66.5</b>
<b>Offices<sup>5</sup>:</b>						
City	394	1,164	<b>1,558</b>	8.6	2.7	19.7
West End	867	-	<b>867</b>	7.9	4.6	11.0
Provincial	26	7	<b>33</b>	0.2	-4.2	0.4
<b>All offices</b>	<b>1,287</b>	<b>1,171</b>	<b>2,458</b>	<b>8.2</b>	<b>3.3</b>	<b>31.1</b>
Other <sup>6</sup>	174	13	<b>187</b>	3.6	4.9	2.4
<b>Total</b>	<b>3,726</b>	<b>4,173</b>	<b>7,899</b>	<b>8.2</b>	<b>6.1</b>	<b>100.0</b>

<sup>1</sup> Group's share of properties in Funds and Joint Ventures

<sup>2</sup> valuation movement during the period (after taking account of capital expenditure) of properties held at the balance sheet date, including developments (classified by end use) and purchases

<sup>3</sup> including High Street with total value of £19m, 2.0% increase in Q3 (9 months -8.0%)

<sup>4</sup> includes European out of town retail with total value of £337m, 1.1% decline in Q3 (9 months -14.7%)

<sup>5</sup> including development sites with a total value of £143m, 12.0% increase in Q3 (9 months 6.4%)

<sup>6</sup> Industrial, distribution and leisure

Portfolio yields & ERV growth (excluding developments)	Top-Up initial yield % <sup>1,2</sup>	Net equivalent yield % <sup>3,4</sup>	Movement in initial yield bps		ERV Movement % <sup>4,5</sup>	
			3 months	9 months	3 months	9 months
<b>Retail</b>						
Retail warehouses	6.8	6.5	-62	-73	-1.0	-3.9
Superstores	5.6	5.6	-43	-75	0.1	0.5
Shopping centres	7.4	6.9	-16	+18	-0.2	-4.2
Department stores <sup>6</sup>	7.1	7.0	-62	-95	-0.1	-9.0
<b>All retail</b>	<b>6.7</b>	<b>6.4</b>	<b>-48</b>	<b>-57</b>	<b>-0.5</b>	<b>-3.6</b>
<b>Offices</b>						
City	7.1	6.7	-27	+8	-1.2	-11.4
West End	5.6	6.1	-34	-17	-	-12.5
<b>All offices</b>	<b>6.6</b>	<b>6.5</b>	<b>-29</b>	<b>-1</b>	<b>-0.6</b>	<b>-11.2</b>
Other <sup>7</sup>	10.2	10.5	-21	-9	-19.1	-19.1
<b>Total</b>	<b>6.7</b>	<b>6.5</b>	<b>-41</b>	<b>-40</b>	<b>-1.3</b>	<b>-7.3</b>

<sup>1</sup> gross yield to British Land (without notional purchaser's costs)

<sup>2</sup> adding back rent frees and minimum rental uplifts

<sup>3</sup> after notional purchaser's costs

<sup>4</sup> excluding Europe

<sup>5</sup> like for like, IPD basis

<sup>6</sup> including High Street

<sup>7</sup> Industrial, distribution and leisure

## Consolidated Income Statement for the nine month period ended 31 December 2009

Underlying pre tax* £m	Year ended 31 March 2009		Nine months ended 31 December 2009		Nine months ended 31 December 2008	
	Audited		Unaudited		Unaudited	
	Capital and other £m	Total £m	Underlying pre tax* £m	Capital and other £m	Total £m	Underlying pre tax* £m
554	554	554	327	327	420	420
	<b>Gross rental and related income</b>			<b>327</b>		<b>420</b>
453	453	453	279	279	366	366
18	18	18	7	7	13	13
	<b>Net rental and related income</b>			<b>279</b>		<b>366</b>
	Fees and other income					
	Amortisation of intangible assets	(14)		(11)		(11)
55	55	(767)	52	241	38	(567)
(51)	(51)	(51)	(41)	(41)	(45)	(45)
	Administrative expenses					
	Net valuation movement (includes profits & losses on disposals)	(3,241)	133	133	(2,491)	(2,491)
	Net financing costs					
52	52	52	20	20	19	19
(259)	(119)	(378)	(130)	(130)	(184)	(225)
	- financing income					
	- financing charges					
		(326)		(110)		(206)
268	(4,196)	(3,928)	187	498	207	(2,941)
	<b>Profit (loss) on ordinary activities before taxation</b>			<b>498</b>		<b>(2,941)</b>
	Taxation					
	- current tax income (expense)	(2)	22	22	(1)	(1)
	- deferred tax (expense) income	49	(9)	(9)	43	43
		47	13	13	42	42
		(3,881)		511		(2,899)
	<b>Profit (loss) for the period after taxation attributable to shareholders of the Company</b>			<b>511</b>		<b>(2,899)</b>
	Earnings (loss) per share:					
		(616) p		60 p		(472) p**
		(614) p		60 p		(470) p**
	<b>Share of results of funds and joint ventures</b>					
55	55	55	52	52	38	38
(833)	(833)	(833)	202	202	(616)	(616)
	Underlying profit before taxation					
	Net valuation movement (includes profits & losses on disposals)					
	Non-recurring items					
	Current tax (expense) income	2	(9)	(9)	4	4
	Deferred tax income	9	(4)	(4)	7	7
		(822)	189	189	(605)	(605)
		(767)	241	241	(567)	(567)

\* As defined in note 1

\*\* As restated for the Rights Issue

## Consolidated Income Statement for the three month period ended 31 December 2009

	Year ended		Three months ended		Three months ended		
	31 March 2009		31 December 2009		31 December 2008		
	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
Underlying pre tax* and other	Capital and other	Total	Underlying pre tax* and other	Total	Underlying pre tax* and other	Total	
£m	£m	£m	£m	£m	£m	£m	
554	554	554	87	87	137	137	
<b>Gross rental and related income</b>							
453	453	453	71	71	118	118	
<b>Net rental and related income</b>							
18	18	18	1	1	4	4	
Fees and other income							
(14)	(14)	(14)	(4)	(4)	(4)	(4)	
Amortisation of intangible assets							
55	(822)	(767)	20	236	11	(348)	
Funds and joint ventures (see also below)							
(51)	(51)	(51)	(12)	(12)	(15)	(15)	
Administrative expenses							
(3,241)	(3,241)	(3,241)	321	321	(1,284)	(1,284)	
Net valuation movement (includes profits & losses on disposals)							
Net financing costs							
52	52	52	2	2	9	9	
(259)	(119)	(378)	(24)	(24)	(64)	(105)	
- financing income							
(207)	(119)	(326)	(22)	(22)	(55)	(96)	
- financing charges							
268	(4,196)	(3,928)	58	553	63	(1,614)	
<b>Profit (loss) on ordinary activities before taxation</b>							
Taxation							
(2)	(2)	(2)	19	19	3	3	
49	49	49	(7)	(7)	24	24	
- current tax income (expense)							
47	47	47	12	12	27	27	
- deferred tax (expense) income							
(3,881)	(3,881)	(3,881)	623	623	(1,587)	(1,587)	
<b>Profit (loss) for the period after taxation attributable to shareholders of the Company</b>							
				basic		p**	
				(616)		(258)	
				p		p	
				(614)		(257)	
				p		p	
<b>Share of results of funds and joint ventures</b>							
55	55	55	20	20	11	11	
Underlying profit before taxation							
(833)	(833)	(833)	246	246	(351)	(351)	
Net valuation movement (includes profits & losses on disposals)							
Non-recurring items							
2	2	2	(9)	(9)			
Current tax income							
9	9	9	(1)	(1)	3	3	
Deferred tax (expense) income							
(822)	(822)	(822)	236	236	(348)	(348)	
55	(822)	(767)	20	256	11	(337)	

\* As defined in note 1

\*\* As restated for the Rights Issue

**Consolidated Statement of Comprehensive Income**  
for the period ended 31 December 2009

Year ended 31 March 2009 Audited £m	Note	Three months ended 31 December		Nine months ended 31 December	
		2009 Unaudited £m	2008 Unaudited £m	2009 Unaudited £m	2008 Unaudited £m
(3,881)		<b>623</b>	(1,587)	<b>511</b>	(2,899)
		<b>Other comprehensive income:</b>			
		Valuation movements			
(44)	2				(44)
(3)	2				(3)
(88)	2		(15)		(88)
(135)			(15)		(135)
		Gains (losses) on cash flow hedges			
(182)		<b>2</b>	(226)	<b>(3)</b>	(210)
(46)		<b>7</b>	(51)	<b>10</b>	(50)
		Transferred to the income statement (cash flow hedges)			
(30)			(19)	<b>12</b>	(28)
109		<b>7</b>	38	<b>21</b>	27
79		<b>7</b>	19	<b>33</b>	(1)
5		<b>1</b>	8		8
(2)			(1)		(2)
24			6		24
(257)		<b>17</b>	(260)	<b>40</b>	(366)
(4,138)		<b>640</b>	(1,847)	<b>551</b>	(3,265)

## Consolidated Statement of Changes in Equity

for the period ended 31 December 2009

	Share capital * £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m
<b>Nine month movements in Equity</b>					
<b>Balance at 1 April 2009</b>	<b>217</b>	<b>1,244</b>	<b>(139)</b>	<b>1,887</b>	<b>3,209</b>
Total comprehensive income for the period			75	476	<b>551</b>
Dividends payable in the nine month period				(159)	<b>(159)</b>
Adjustment for scrip dividend element	2	(2)		44	<b>44</b>
<b>Balance at 31 December 2009</b>	<b>219</b>	<b>1,242</b>	<b>(64)</b>	<b>2,248</b>	<b>3,645</b>
<b>Three month movements in Equity</b>					
<b>Balance at 1 October 2009</b>	<b>218</b>	<b>1,243</b>	<b>(116)</b>	<b>1,696</b>	<b>3,041</b>
Total comprehensive income for the period			52	588	<b>640</b>
Adjustment for share and share option awards				(1)	<b>(1)</b>
Dividends payable in the three month period				(56)	<b>(56)</b>
Adjustment for scrip dividend element	1	(1)		21	<b>21</b>
<b>Balance at 31 December 2009</b>	<b>219</b>	<b>1,242</b>	<b>(64)</b>	<b>2,248</b>	<b>3,645</b>
<b>Prior year movements in Equity</b>					
<b>Balance at 1 April 2008</b>	<b>131</b>	<b>1,269</b>	<b>335</b>	<b>5,055</b>	<b>6,790</b>
Total comprehensive income for the period			(474)	(3,664)	<b>(4,138)</b>
Share issues	86	(25)	682		<b>743</b>
Transfer			(682)	682	
Adjustment for share and share option awards				(1)	<b>(1)</b>
Dividends payable in the year				(185)	<b>(185)</b>
<b>Balance at 31 March 2009</b>	<b>217</b>	<b>1,244</b>	<b>(139)</b>	<b>1,887</b>	<b>3,209</b>

\* See note 11 for a summary of the number of shares in issue

## Consolidated Balance Sheet as at 31 December 2009

31 March 2009 Audited £m		Note	31 December 2009 Unaudited £m	31 December 2008 Unaudited £m	30 September 2009 Unaudited £m
<b>Assets</b>					
<b>Non-current assets</b>					
5,436	Investment properties	3	3,703	7,258	5,313
358	Development properties	3		374	202
30	Owner-occupied property	3	30	39	25
5,824			3,733	7,671	5,540
<b>Other non-current assets</b>					
952	Investments in funds and joint ventures	4	1,391	973	973
38	Other investments	5	302	51	65
25	Intangible assets		13	29	17
6,839			5,439	8,724	6,595
<b>Current assets</b>					
123	Debtors		103	98	72
616	Cash and short-term deposits	6	342	475	638
739			445	573	710
7,578	<b>Total assets</b>		<b>5,884</b>	<b>9,297</b>	<b>7,305</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
(49)	Short-term borrowings and overdrafts	6	(38)	(123)	(51)
(524)	Creditors		(357)	(665)	(467)
(573)			(395)	(788)	(518)
<b>Non-current liabilities</b>					
(3,716)	Debentures and loans	6	(1,769)	(5,021)	(3,673)
(45)	Other non-current liabilities		(31)	(55)	(34)
(35)	Deferred tax liabilities		(44)	(41)	(39)
(3,796)			(1,844)	(5,117)	(3,746)
(4,369)	<b>Total liabilities</b>		<b>(2,239)</b>	<b>(5,905)</b>	<b>(4,264)</b>
3,209	<b>Net assets</b>		<b>3,645</b>	<b>3,392</b>	<b>3,041</b>
<b>Equity</b>					
217	Share capital		219	131	218
1,244	Share premium		1,242	1,271	1,243
(139)	Other reserves		(64)	(248)	(116)
1,887	Retained earnings		2,248	2,238	1,696
3,209	<b>Total equity attributable to shareholders of the Company</b>		<b>3,645</b>	<b>3,392</b>	<b>3,041</b>
398 p	<b>EPRA NAV per share*</b>	1	<b>438 p</b>	<b>595 p**</b>	<b>372 p</b>

\* As defined in note 1

\*\* As restated for the Rights Issue

**Consolidated Statement of Cash Flows**  
for the period ended 31 December 2009

Year ended 31 March 2009 Audited £m	Three months ended 31 December 2009		Nine months ended 31 December 2009		
	Unaudited £m	2008 £m	Unaudited £m	2008 £m	
455	Rental income received from tenants	48	120	248	355
30	Fees and other income received	2	4	13	26
(79)	Operating expenses paid to suppliers and employees	(18)	(21)	(66)	(62)
406	<b>Cash generated from operations</b>	<b>32</b>	<b>103</b>	<b>195</b>	<b>319</b>
(270)	Interest paid	(36)	(51)	(138)	(185)
20	Interest received	2	11	7	18
16	UK corporation tax received (paid)	1	19	(1)	17
33	Distributions received from funds and joint ventures	18	6	34	17
205	<b>Net cash inflow from operating activities</b>	<b>17</b>	<b>88</b>	<b>97</b>	<b>186</b>
<b>Cash flows from investing activities</b>					
(107)	Purchase of investment properties	(42)	(107)	(42)	(107)
(436)	Development and other capital expenditure	(39)	(99)	(128)	(358)
904	Sale of investment properties	43	87	241	864
(6)	REIT conversion charge paid				(6)
	Purchase of investments	(43)		(43)	
	Sale of investments	13		13	
3	Indirect taxes in respect of investing activities	1	(6)	(4)	(4)
115	Establishment of Meadowhall Joint Venture				
	Establishment of Broadgate Joint Venture	31		31	
	Investment in Shopping Centres Joint Venture with Tesco	(26)		(26)	
(57)	Investment in and loans to funds and joint ventures	(3)	(15)	(55)	(42)
2	Capital distributions received from funds and joint ventures	7		7	2
418	<b>Net cash (outflow) inflow from investing activities</b>	<b>(58)</b>	<b>(140)</b>	<b>(6)</b>	<b>349</b>
<b>Cash flows from financing activities</b>					
743	Issue of ordinary shares				2
(188)	Dividends paid	(39)	(50)	(116)	(136)
(11)	Repayment of debt acquired with subsidiary undertaking				
(76)	Movement in other financial liabilities	(6)	(45)	(16)	5
	Establishment of Broadgate Joint Venture - cash collateral	(266)		(266)	
(714)	Increase (decrease) in bank and other borrowings	56	242	33	(173)
(246)	<b>Net cash (outflow) inflow from financing activities</b>	<b>(255)</b>	<b>147</b>	<b>(365)</b>	<b>(302)</b>
377	Net (decrease) increase in cash and cash equivalents	(296)	95	(274)	233
239	Opening cash and cash equivalents	638	377	616	239
616	<b>Closing cash and cash equivalents</b>	<b>342</b>	<b>472</b>	<b>342</b>	<b>472</b>
<b>Cash and cash equivalents consists of:</b>					
616	Cash and short-term deposits	342	475	342	475
	Overdrafts		(3)		(3)
616		<b>342</b>	<b>472</b>	<b>342</b>	<b>472</b>

## Notes to the accounts (unaudited)

### 1. Performance measures

Year ended 31 March 2009		Earnings (loss) per share (diluted)	Nine months ended 31 December 2009		Nine months ended 31 December 2008	
Earnings £m	Pence per share		Earnings £m	Pence per share	Earnings £m	Pence per share
268		Underlying pre tax profit - income statement	187		207	
(9)		Tax charge relating to underlying profit	(4)		(6)	
259	41 p	<b>Underlying earnings per share</b>	<b>183</b>	<b>21 p</b>	201	32 p*
(119)		Realisation of cash flow hedges/ non-recurring items	(9)		(41)	
140	22 p	<b>EPRA earnings per share</b>	<b>174</b>	<b>20 p</b>	160	26 p*
(3,881)	(614) p	<b>Profit (loss) for the period after taxation</b>	<b>511</b>	<b>60 p</b>	(2,899)	(470) p*

  

Year ended 31 March 2009		Earnings (loss) per share (diluted)	Three months ended 31 December 2009		Three months ended 31 December 2008	
Earnings £m	Pence per share		Earnings £m	Pence per share	Earnings £m	Pence per share
268		Underlying pre tax profit - income statement	58		63	
(9)		Tax charge relating to underlying profit	(1)		(2)	
259	41 p	<b>Underlying earnings per share</b>	<b>57</b>	<b>7 p</b>	61	10 p*
(119)		Realisation of cash flow hedges/ non-recurring items	(9)		(41)	
140	22 p	<b>EPRA earnings per share</b>	<b>48</b>	<b>6 p</b>	20	3 p*
(3,881)	(614) p	<b>Profit (loss) for the period after taxation</b>	<b>623</b>	<b>72 p</b>	(1,587)	(257) p*

\* As restated for the Rights Issue

The European Public Real Estate Association (EPRA) issued Best Practices Recommendations in July 2009, which gives guidelines for performance measures. The **EPRA earnings measure** excludes investment property revaluations and gains or losses 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.

The weighted average number of shares in issue for the three month period was: basic: 860m (nine months ended 31 December 2009: 855m; year ended 31 March 2009: 630m; three months ended 31 December 2008 restated: 614m; nine months ended 31 December 2008 restated: 614m); diluted for the effect of share options: 863m (nine months ended 31 December 2009: 858m; year ended 31 March 2009: 632m; three months ended 31 December 2008 restated: 617m; nine months ended 31 December 2008 restated: 617m). Basic undiluted earnings per share for the three month period was 72p (nine months ended 31 December 2009: 60p; year ended 31 March 2009: 61p loss; three months ended 31 December 2008 restated: 258p loss; nine months ended 31 December 2008 restated: 472p loss). Earnings per share shown in the table above are diluted.

31 March 2009	Net asset value (NAV)	31 December 2009	31 December 2008	30 September 2009
£m		£m	£m	£m
3,209	<b>Balance sheet net assets</b>	<b>3,645</b>	3,392	3,041
25	Deferred tax arising on revaluation movements	39	33	30
153	Mark to market on effective cash flow hedges and related debt adjustments	100	257	128
	Dilution effect of share options	29	10	1
3,387	<b>EPRA NAV</b>	<b>3,813</b>	3,692	3,200
398 p	<b>EPRA NAV per share</b>	<b>438 p</b>	595 p*	372 p

\* As restated for the Rights Issue

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 2009, the number of shares in issue was: basic: 862m (31 March 2009: 850m; 30 September 2009: 857m; 31 December 2008 restated: 616m); diluted for the effect of share options: 871m (31 March 2009: 851m; 30 September 2009: 860m; 31 December 2008 restated: 620m).

**Total return per share** for the three months ended 31 December 2009 of 19.5% includes dividends paid of 6.5p (see note 7) in addition to the increase in EPRA NAV of 66p. Total return per share for the nine months ended 31 December 2009 of 15.3% includes dividends paid of 20.77p (see note 7) in addition to the increase in EPRA NAV of 40p. Total return per share for the year ended 31 March 2009 was minus 61.6%.

## 2. Income statement notes

Year ended 31 March 2009 £m		Three months ended 31 December		Nine months ended 31 December	
		2009 £m	2008 £m	2009 £m	2008 £m
	<b>Gross and net rental income</b>				
462	Rent receivable	69	117	262	357
34	Spreading of tenant incentives and guaranteed rent increases	5	8	19	26
1	Surrender premiums				
497	<b>Gross rental income</b>	<b>74</b>	125	<b>281</b>	383
57	Service charge income	13	12	46	37
554	<b>Gross rental and related income</b>	<b>87</b>	137	<b>327</b>	420
(57)	Service charge expenses	(13)	(12)	(46)	(37)
(44)	Property operating expenses	(3)	(7)	(2)	(17)
453	<b>Net rental and related income</b>	<b>71</b>	118	<b>279</b>	366
	<b>Fees and other income</b>				
14	Performance & management fees (from funds and joint ventures)	1	3	5	10
4	Other fees and commission		1	2	3
18		1	4	7	13
	<b>Net revaluation movements on property and investments</b>				
	<b>Income statement</b>				
(2,994)	Revaluation of properties	333	(1,197)	159	(2,356)
(177)	Result on property disposals	(12)	(30)	(14)	(78)
(69)	Revaluation of investments		(57)	(12)	(57)
(1)	Other revaluations and losses				
(3,241)		321	(1,284)	133	(2,491)
(833)	Share of profits (losses) of funds and joint ventures (note 4)	246	(351)	202	(616)
(4,074)		567	(1,635)	335	(3,107)
	<b>Consolidated statement of comprehensive income</b>				
(44)	Revaluation of development properties				(44)
(3)	Revaluation of owner-occupied property				(3)
(88)	Revaluation of investments		(15)		(88)
(4,209)		567	(1,650)	335	(3,242)
	<b>Tax income (expense)</b>				
(6)	Current tax: UK corporation tax (28%)	(1)	3	(2)	(1)
(1)	Foreign tax				
(7)		(1)	3	(2)	(1)
5	Adjustments in respect of prior periods	20		24	
(2)	Total current tax income (expense)	19	3	22	(1)
49	Deferred tax on revaluations	(7)	24	(9)	43
47	<b>Group total taxation (net)</b>	<b>12</b>	27	<b>13</b>	42
11	Attributable to funds and joint ventures	(1)	3	(4)	11
58	<b>Total taxation</b>	<b>11</b>	30	<b>9</b>	53

Tax expense attributable to underlying profits for the three months ended 31 December 2009 was £1m (nine months ended 31 December 2009: £4m; year ended 31 March 2009: £9m; three months ended 31 December 2008: £2m; nine months ended 31 December 2008: £6m).

### 3. Property

Total property interests are **£7,899m** at 31 December 2009 comprising properties held by the Group of £3,726m, share of properties held by funds of £820m and share of properties held by joint ventures of £3,353m. 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 2009		31 December 2009	31 December 2008	30 September 2009
£m		£m	£m	£m
5,436	Investment properties	3,703	7,258	5,313
358	Development properties		374	202
30	Owner-occupied property	30	39	25
5,824	Carrying value of properties on balance sheet	3,733	7,671	5,540
(14)	Head lease liabilities	(7)	(20)	(8)
5,810	<b>Total British Land Group property portfolio valuation</b>	<b>3,726</b>	<b>7,651</b>	<b>5,532</b>

At 31 December 2009 Group properties valued at £2,128m were subject to a security interest (31 March 2009: £3,665m; 30 September 2009: £3,667m; 31 December 2008: £5,286m) and other properties of non-recourse companies amounted to £nil (31 March 2009: £1m; 30 September 2009: £nil; 31 December 2008: £2m).

### 4. Funds and joint ventures

#### Summary of British Land's share of investments in funds and joint ventures at 31 December 2009

	Underlying profit (nine months) £m	Underlying profit (three months) £m	Net Investment £m	Gross assets £m	Gross liabilities £m
Share of funds	11	3	405	994	(589)
Share of joint ventures	41	17	986	3,575	(2,589)
<b>Total</b>	<b>52</b>	<b>20</b>	<b>1,391</b>	<b>4,569</b>	<b>(3,178)</b>

At 31 December 2009 the investment in Joint Ventures included within the total net investment in Funds and Joint Ventures was £988m (31 March 2009: £585m; 30 September 2009: £600m; 31 December 2008: £500m).

Amounts owed to joint ventures at 31 December 2009 were £39m (31 March 2009: £33m; 30 September 2009: £39m; 31 December 2008: £31m).

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

Year ended 31 March 2009 £m		Three months ended 31 December 2009		Nine months ended 31 December 2009	
		2009 £m	2008 £m	2009 £m	2008 £m
153	<b>Gross rental income</b>	<b>60</b>	34	<b>148</b>	107
145	Net rental and related income	57	33	140	102
(5)	Other income and expenditure	(5)	(1)	(8)	(3)
(85)	Net financing costs	(32)	(21)	(80)	(61)
55	<b>Underlying profit before taxation</b>	<b>20</b>	11	<b>52</b>	38
(833)	Net valuation and disposal movements	246	(351)	202	(616)
	Non-recurring items - debt break costs	(9)		(9)	
(778)	<b>Profit (loss) on ordinary activities before taxation</b>	<b>257</b>	(340)	<b>245</b>	(578)
2	Current tax			(4)	4
9	Deferred tax	(1)	3		7
(767)	<b>Profit (loss) on ordinary activities after taxation</b>	<b>256</b>	(337)	<b>241</b>	(567)

All joint ventures are non-recourse to the Group. Where a joint venture has net liabilities, as required under IFRS, the Group does not account for its share of the deficit in its total share of joint venture results.

### 5. Other investments

The increase in other investments in the quarter to December 2009 is substantially due to the commercial loan to the Broadgate Joint Venture of £209m and the investment in the HUT convertible bond of £43m.

## 6. Net Debt

31 March 2009 £m		31 December 2009 £m	31 December 2008 £m	30 September 2009 £m
1,991	Securitisations		2,834	1,968
1,168	Debentures	1,166	1,169	1,167
139	Bank loans and overdrafts	188	677	134
467	Other bonds and loan notes	453	464	455
<u>3,765</u>	Gross debt	<u>1,807</u>	<u>5,144</u>	<u>3,724</u>
109	Interest rate and currency derivative liabilities	36	214	86
(16)	Interest rate and currency derivative assets	(1)	(16)	(1)
3,858		1,842	5,342	3,809
(616)	Cash and short-term deposits	(342)	(475)	(638)
<u>3,242</u>	<b>Net debt</b>	<u>1,500</u>	<u>4,867</u>	<u>3,171</u>

Gross debt includes £38m due within one year at 31 December 2009 (31 March 2009: £49m; 30 September 2009: £51m; 31 December 2008: £123m).

Undrawn committed bank facilities at 31 December 2009 amounted to £2,830m.

The **financial covenants** applicable to the Group unsecured debt are:

- a. Net Borrowings not to exceed 175% of Adjusted Capital and Reserves. At 31 December 2009 the ratio is 37%:
  - i. Net Borrowings are **£1,519m**, being the principal amount of gross debt of £1,799m plus amounts owed to joint ventures of £39m (see note 4) and TPP Investments Ltd of £23m (see note 9), less the cash and short-term deposits of £342m; and
  - ii. Adjusted Capital and Reserves are **£4,151m**, being share capital and reserves of £3,645m (balance sheet), adjusted for £39m of deferred tax (see note 1), £100m mark to market on interest rate swaps (see note 1) and £367m exceptional refinancing charges (being the cumulative net amortised exceptional items relating to the refinancings in the years ended 31 March 2005, 2006 and 2007); and
- b. Net Unsecured Borrowings not to exceed 70% of Unencumbered Assets. At 31 December 2009 the ratio is 13%:
  - i. Net Unsecured Borrowings are **£300m**, being the principal amount of gross debt of £1,799m plus amounts owed to joint ventures of £39m (see note 4) less cash and deposits not subject to a security interest of £123m less the principal amount of secured and non-recourse borrowings of £1,415m; and
  - ii. Unencumbered Assets are **£2,303m** being properties of £3,726m (see note 3) plus investments in funds and joint ventures of £1,391m (balance sheet) and other investments of £302m (balance sheet) less investments in joint ventures of £988m (see note 4) and encumbered assets of £2,128m (see note 3).

The Group Loan to Value ratio at 31 December 2009 is 27%, being gross debt of £1,807m less cash and short-term deposits of £342m, divided by total Group property of £3,726m (see note 3) plus investments in Funds and Joint Ventures of £1,391m (balance sheet) and other investments of £302m (balance sheet).

## 7. Dividends

The third quarter dividend of 6.5 pence per share, totalling £56 million, is payable on 14 May 2010 to shareholders on the register at close of business on 9 April 2010. This dividend will be entirely a 'normal' dividend i.e. not a PID (Property Income Distribution).

The 2010 second quarter dividend of 6.5 pence per share, totalling £56m, is payable on 12 February 2010.

In respect of the 2010 first quarter dividend of 6.5 pence per share, totalling £56m, 39% of shareholders opted for the enhanced scrip alternative in lieu of £22m in cash dividends. The remaining cash element of £34m was paid on 13 November 2009.

The Consolidated Statement of Changes in Equity shows total dividends in the nine months to 31 December 2009 of £159m, £48m being the third 2009 interim dividend of 7.77 pence per share (restated for Rights Issue) paid on 15 May 2009, £55m being the fourth 2009 interim dividend of 6.5 pence per share and £56m being the first 2010 interim dividend disclosed above.

An enhanced scrip alternative with a 5% bonus (above the equivalent cash value) is being offered to shareholders with the third quarter dividend. Shareholders will be able to choose between cash or shares. If a scrip dividend mandate form has already been completed, and not withdrawn, no action needs to be taken to receive this dividend payment as shares.

If required, scrip dividend scheme mandate forms are available from our registrars, Equiniti, whose helpline is 0871 384 2268 and the form must be returned to the Registrars no later than 5.00pm on 22 April 2010.

The scrip dividend booklet provides further details of the scheme and is available on our website - <http://www.britishland.com/investors/dividends/scrip>.

## 8. Segment information

The Group allocates resources to investment and asset management according to the sectors it expects to perform over the medium term. Its two principal sectors are currently offices and retail.

	Offices		Retail		Other		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Nine months ended 31 December</b>								
Revenue	177	201	140	215	17	17	334	433
Net rental income	134	175	135	176	10	15	279	366
Segment assets	1,520	3,926	3,415	4,510	949	861	5,884	9,297
Capital expenditure	197	312	24	148	12		233	460
<b>Three months ended 31 December</b>								
Revenue	40	65	43	71	5	5	88	141
Net rental income	27	58	41	55	3	5	71	118
Capital expenditure	109	74	14	116	10		133	190

Revenue is derived from the rental of buildings, fund management and performance fees and investments. Corporate costs, including administrative and interest expenses, are not allocated to the segments shown, therefore a sectoral profit or loss is not disclosed. Segment assets include the Group's investment in funds and joint ventures. No customer exceeds 10% of the Group's revenues.

## 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 (31 March 2009: £23m, 30 September 2009: £23m, 31 December 2008: £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. Note to the Consolidated Statement of Changes in Equity

At 31 December 2009, of the issued 25p ordinary shares, 2m were held in the ESOP Trust (31 March 2009: 2m; 30 September 2009: 2m; 31 December 2008: 2m), 11m were held as Treasury shares (31 March 2009: 11m; 30 September 2009: 11m; 31 December 2008: 11m) and 862m shares were in free issue (31 March 2009: 850m; 30 September 2009: 857m; 31 December 2008: 510m). All shares are fully paid.

## 12. Basis of preparation

The financial information for the year ended 31 March 2009 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 on a going concern basis 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, with the exception of the adoption of the amendments to IAS 1 (Revised) Presentation of Financial Statements, IAS 40 Investment Property and IAS 16 Property, Plant and Equipment. The current period financial information presented in this document is unaudited.

The Group's business activities, financial position, cash flows, liquidity position and financing structure are discussed on pages 3 to 13. The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The interim financial information was approved by the Board on 8 February 2010.

**Table A****Summary income statement based on proportional consolidation  
for the period ended 31 December 2009**

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 2009 <u>£m</u>		Three months ended		Nine months ended	
		31 December 2009 <u>£m</u>	31 December 2008 <u>£m</u>	31 December 2009 <u>£m</u>	31 December 2008 <u>£m</u>
650	<b>Gross rental income</b>	<b>134</b>	159	<b>429</b>	490
598	<b>Net rental income</b>	<b>128</b>	151	<b>419</b>	468
20	Fees and other income	<b>1</b>	4	<b>7</b>	14
(58)	Administrative expenses	<b>(17)</b>	(16)	<b>(49)</b>	(49)
(292)	Net interest costs	<b>(54)</b>	(76)	<b>(190)</b>	(226)
268	<b>Underlying profit before taxation</b>	<b>58</b>	63	<b>187</b>	207
(4,074)	Net valuation movement (includes profits and losses on disposal)	<b>567</b>	(1,635)	<b>335</b>	(3,107)
(119)	Realisation of cash flow hedges/non-recurring items	<b>(9)</b>	(41)	<b>(9)</b>	(41)
(14)	Amortisation of intangible assets	<b>(4)</b>	(4)	<b>(11)</b>	(11)
(3,939)	<b>Profit (loss) on ordinary activities before taxation</b>	<b>612</b>	(1,617)	<b>502</b>	(2,952)
(9)	Tax charge relating to underlying profit	<b>(1)</b>	(2)	<b>(4)</b>	(6)
58	Deferred tax	<b>(8)</b>	27	<b>(9)</b>	50
9	Other taxation	<b>20</b>	5	<b>22</b>	9
(3,881)	<b>Profit (loss) for the period after taxation</b>	<b>623</b>	(1,587)	<b>511</b>	(2,899)
41 p	<b>Underlying earnings per share - diluted basis</b>	<b>7 p</b>	10 p*	<b>21 p</b>	32 p*

\* As restated for the Rights Issue

The underlying earnings per share is calculated on underlying profit before taxation of £187m, tax attributable to underlying profits of £4m and 858m shares on a diluted basis, for the nine months ended 31 December 2009 and underlying profit before taxation of £58m, tax attributable to underlying profits of £1m and 863m shares on a diluted basis, for the three months ended 31 December 2009.

**Table A (continued)****Summary balance sheet based on proportional consolidation  
as at 31 December 2009**

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 2009 £m		31 December 2009 £m	31 December 2008 £m	30 September 2009 £m
4,867	Retail properties	5,254	6,018	4,760
3,570	Office properties	2,458	3,925	3,350
188	Other properties	187	228	183
8,625	Total properties	7,899	10,171	8,293
38	Other investments	197	51	65
25	Intangible assets	13	29	17
(360)	Other net liabilities	(239)	(455)	(351)
(4,941)	Net debt	(4,057)	(6,104)	(4,824)
3,387	EPRA NAV (note 1)	3,813	3,692	3,200
398 p	<b>EPRA NAV per share (note 1)</b>	<b>438 p</b>	595 p*	372 p
<b>Total property valuations including share of funds and joint ventures</b>				
5,810	<b>British Land Group</b>	<b>3,726</b>	7,651	5,532
<b>Share of funds and joint ventures</b>				
2,775	Investment properties	4,181	2,526	2,735
49	Development properties			35
(9)	Head lease liabilities	(8)	(6)	(9)
2,815		4,173	2,520	2,761
8,625	<b>Total property portfolio valuation</b>	<b>7,899</b>	10,171	8,293
<b>Calculation of EPRA NNNAV per share</b>				
3,387	EPRA NAV	3,813	3,692	3,200
(25)	Deferred tax arising on revaluation movements	(39)	(33)	(30)
(153)	Mark to market on effective cash flow hedges and related debt adjustments	(100)	(257)	(128)
1,116	Mark to market on debt	387	1,022	725
4,325	EPRA NNNAV	4,061	4,424	3,767
508 p	<b>EPRA NNNAV per share</b>	<b>466 p</b>	861 p*	438 p

\*As restated for the Rights issue

**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**

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 2009 which comprises the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Statement of Cash flows and the 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 (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 interim 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 quarterly financial report for the nine months ended 31 December 2009 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 Statutory Auditors  
London, United Kingdom  
8 February 2010