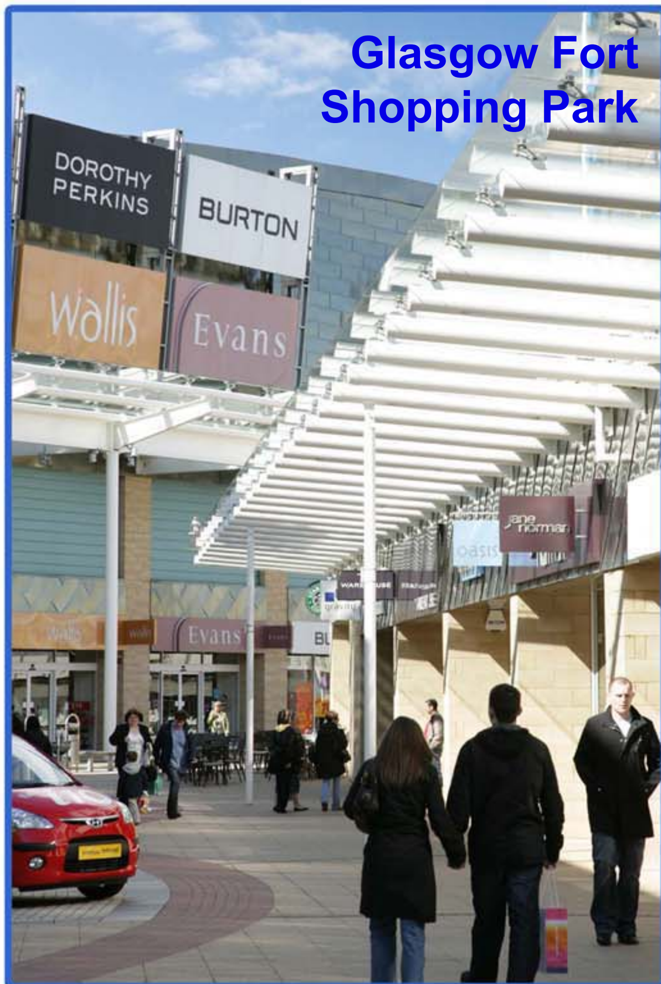
British Land
Half Year Report
Six months to 30 September 2008



Glasgow Fort Shopping Park

The Broadgate Tower & 201 Bishopsgate, EC2

The British Land Company PLC

Financial summary:

- **Underlying earnings per share[1] 27 pence, up 4% (Q2 13 pence, up 8%)**
  - Dividend up 7% to 9.375 pence per share for the quarter to September 2008 (payable February 2009) making 18.75 pence for the six months
  - IFRS loss per share 257 pence (Q2 IFRS loss per share 146p)
- **Underlying pre-tax profit[1] £144 million, up 1% (Q2 £70 million)**
  - Underlying profits up 13% excluding receipt of a Songbird Estates dividend in H1 2007
  - IFRS pre-tax loss on ordinary activities £1,327 million (Q2 IFRS pre tax loss £755m)
- **Portfolio valuation down 10.8% (Q2 6.5%)**
  - Portfolio net equivalent yield now 6.1% (true equivalent[2] yield 6.3%), 57 bps higher than March 2008. Gross (top-up)[3] initial yield 6.0%
- **Net Asset Value[4] per share 1043 pence, down 22% (Q2 down 14%)**
  - "Triple Net Asset Value"[5] per share 1186 pence (reflects valuable debt structure), down 18%
  - IFRS Net Assets £5.3 billion
  - Properties owned or managed £15.6 billion

Business continues to operate positively under activist customer-led strategy:

- Like-for-like rental income growth 4.2% versus H1 2007, IPD 3.5%
- Rental value (ERV) growth for Retail 0.9%, Offices -4.0% due to City weighting
- Over 900,000 sq ft of new lettings and 113 rent reviews settled in the six months, overall at 2.1% above applicable ERV
- £721 million (gross) additional disposals since March 2008

Balance sheet strength – cash flow security with low cost and long maturity of debt:

- Property portfolio 97% let[6]
- Lease lengths average 13 years with just 4% up for renewal before March 2011
- Debt 100% fixed at 5.3%, 13 years average maturity[7], £2.7 billion undrawn bank lines

Investment markets reflect turbulent economic conditions:

- Financial market turmoil coupled with febrile economic environment resulting in challenging investment markets with few transactions
- Management actions of recent years have placed the business in good shape

Chris Gibson-Smith, Chairman comments:

Against a backdrop of heightened stress in the markets British Land continues to operate well. While values have been marked down reflecting further softening in prime yields, our high occupancy levels and long leases, plus a diversity of tenants and industries, ensure cash flow security. Coupled with our robust finance structure, these are significant areas of strength.

[1] see note 1 to the accounts
[2] after notional purchaser's costs and based on rents received quarterly in advance (reflecting true cash flow profile)
[3] yield to British Land (without notional purchaser's costs) adding back rent frees and contracted rental uplifts
[4] EPRA (European Public Real Estate Association) basis - note 1 to the accounts
[5] see Table A
[6] includes accommodation subject to asset management initiatives and under offer
[7] includes share of Funds and Joint Ventures

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Awards:

Leading property sector publications presented the company with three awards during the six months: Property Week named British Land **UK Developer of the Year** and awarded us **Accessible Retail Deal** of the Year for the joint venture created between the Hercules Unit Trust and The Crown Estate. Readers of Estates Gazette voted British Land **Property Company of the Year** (Offices category).

Our long standing connection with the arts was recognised by the Wapping Arts Trust when it presented us with an award for **An Outstanding Contribution to Art in the Working Environment**. The paintings and sculptures feature in our Head office and in several of our developments.

Chairman's Statement

The unprecedented financial turmoil of the last three months has brought home to everyone that the credit crunch is more than just a banking issue. The coordination of governmental responses across the world is unique and has done much to provide the basis for a return to some stability. Nonetheless we are still in a period of heightened stress in credit markets and this affects investor sentiment towards all asset classes, property being no exception.

Against this testing backdrop, British Land continues to operate favourably. At £144 million, underlying profits for the half year are slightly above the previous period: 13% ahead if the Songbird Estates dividend last year is excluded. Investment yields however have continued their outward trend, reducing the portfolio valuation by 10.8% and NAV by 22% to 1043 pence.

Sales of properties completed in the twelve months prior to the credit crunch reached £2.5 billion gross, and since then over £2 billion. The former catching the height of the market, the latter still at yields which look advantageous today. These early actions raised income cover (and the level of available facilities) whilst keeping gearing down. Just as importantly, with these sales we have trimmed our portfolio to properties we believe will be in demand from our customers even in difficult markets, maintaining our ability to relet space if required.

Retailers are reporting difficult trading, reflecting the effects of the economic slowdown, and this will weigh on prospects for rental growth over the shorter term. We have yet to see any significant defaults but the climate is challenging for our customer base and so our positioning and diversification will hold us in good stead.

In the City we have put under offer over a quarter of the offices (with options over more) at Ropemaker Place, which topped out in September and will complete next summer. In a market where occupiers are uncertain of their requirements, this is an encouraging sign. A further 39,000 sq ft is under offer at 201 Bishopsgate and the Broadgate Tower. With the completion in 2009 of Ropemaker Place and our West End development at Osnaburgh Street, our committed office development programme will come to a natural pause until we judge the market more favourable.

Occupancy levels of 97% and lease lengths averaging 13 years, with broad diversity of tenants and industries ensure our cashflow security. Finance fixed at an average interest rate of 5.3% with a maturity of 13 years provides further strength, as does £2.7 billion of committed banklines – in all 5 years of cover for our business before requiring new or replacement lines.

We thank Stephen Hester for his excellent contribution to the development of British Land over the last four years. We wish him every success in his new role as Chief Executive of The Royal Bank of Scotland.

The process leading to the appointment of the new Chief Executive is underway – and British Land continues in good hands.

Activity during the six months

Our proactive customer led strategy continues to ensure that our assets are positioned to reflect our tenants' demand. We achieve this through selective sales and purchases, and through active management of our retained portfolio. The latter covers a range of activities including design or configuration improvements, and enhancement of tenant mix, all with a view to strengthening the rental income stream.

Sector and Asset Selection

Sales **6 months to 30 September 2008**	**Price £m**	**BL Share £m**	**Gain/ (Loss) %**[1]	**BL H1 Sector Valuation Movement %** [2]
Offices:				
Willis Building, Lime Street, EC3[3]	400	400	(7.9)	(14.1)
Portcullis House, Glasgow	18	18	3.4	(16.6)
Two Moorfields, Liverpool	11	11	(6.5)	(16.6)
Retail:				
Peacocks, Woking	116	116	(1.4)	(8.0)
10 High Street Shops	95	95	(2.0)	(12.7)
Colne Valley Retail Park, Watford[4]	45	16	(14.4)	(10.2)
2 Supermarkets	24	24	1.9	(5.3)
Other:	12	11	(7.3)	(13.7)
Total	**721**	**691**	**(5.7)**	**(10.8)**

Average net initial yield on disposals 5.7%, assuming top-up of rent-free periods.

[1] sale price versus last year end valuation, March 2008
[2] valuation movement for the relevant sector of the British Land portfolio (includes developments, purchase and sales, net of capital expenditure)
[3] contract provides for top up of rent free period to minimum uplift (NPV £60m) - loss calculated net
[4] HUT (Hercules Unit Trust)

The sale of the Willis Building realised a healthy development profit and underlined our record of successfully delivering and letting significant development projects. The Peacocks sale achieved an attractive price for a disposal in line with our strategy to focus the retail portfolio on those assets which will continue to show growth from our asset management efforts. These disposals are overall performance accretive (in disposing of assets which would have fallen further in value) while allowing us to recycle capital and manage gearing.

There were no purchases contracted in the half-year.

Asset Management

New lettings and lease renewals (including Funds and Joint Ventures)	**Number**	**Sq ft '000**	**Rent, £m pa**	
			New total	**BL share of increase**
Retail Warehouses	75	549	16.5	6.5
Shopping Centres	40	60	4.5	2.1
High Street	10	45	1.3	0.5
Offices	6	161	4.3	3.5
Other	31	89	1.2	0.3
	162	**904**	**27.8**	**12.9**

Headline rents, before tenants' incentives and including unconditional contracts exchanged with forward completions

Rent reviews (including Funds and Joint Ventures)	Number	Rent, £m pa		
		New total	Increase	BL share of increase
Retail Warehouses	55	18.0	5.0	2.1
Superstores	3	3.8	0.6	0.3
Shopping Centres	24	5.9	0.7	0.7
High Street	12	2.8	0.1	0.1
Offices	11	33.5	2.4	2.4
Other	8	0.8	0.1	0.1
	113	**64.8**	**8.9**	**5.7**

Over 900,000 sq ft of lettings in the half year, achieved at an average of **2.5% above ERV**, have added £13 million to our annual rent roll. In addition, **113 rent reviews** were agreed in respect of 2 million sq ft during the half year, overall at **1.9% above applicable ERV;** confirming the continuing demand from customers for our properties. These include:

- 1.8 million sq ft of lettings and rent reviews across our retail portfolio, adding £12.3 million per annum of new rent;

- over 550,000 sq ft of retail park lettings (included in the above) at 5.4% ahead of ERV plus a further 300,000 sq ft under offer post September;

- Queens Retail Park in Stafford, which was acquired earlier in 2008, now has four of the five newly created units let. Next, Brantano and Peacocks have opened for trade and New Look expects to open shortly. The remaining unit is under offer. Several surrenders have also been agreed to facilitate further new open A1 lettings next year;

- 47,000 sq ft of rent reviews agreed at 350 Euston Road, Regent's Place, NW1 at an average of £56 per sq ft, 10% above ERV and positive for the estate;

- £3.5 million per annum of further lettings at 201 Bishopsgate and The Broadgate Tower, EC2, totalling 62,000 sq ft at an average of £56 per sq ft. At 201 Bishopsgate, 36,000 sq ft representing the entire 7th floor has been let to Landesbank Baden-Wurttemberg and, in the Tower, Reed Smith has taken up 13,000 sq ft under an option plus a further 13,000 sq ft. In addition we have recently placed under offer further areas of 15,000 sq ft at 201 Bishopsgate and 24,000 sq ft at the Broadgate Tower;

- at 1 & 2 Broadgate, we are in the process of taking direct tenancies with UBS, ICAP and KBW, in respect of the offices they occupy (originally under sub-lettings from Lehman Brothers), representing 78% of the £15.8 million rental income from the accommodation formerly let by us to Lehman;

- at 4 Broadgate agreements have been exchanged for the letting of 47,000 sq ft of offices for a short term pending our consideration of options for the redevelopment or refurbishment of this building;

- also at Broadgate the rent review has been settled with Deutsche Bank in respect of 185,000 sq ft, in line with ERV at £49 per sq ft;

- more than 70,000 sq ft of lettings and rent reviews of retail/leisure accommodation in the City also completed in the half year increasing rent by £340,000 per annum. Retail is an important element of our City office investments, providing services to occupiers and enhancing our investment.

We are continuing to invest in improving our major assets, preserving and enhancing income growth and potential:

- the £12 million refurbishment at 338 Euston Road, Regent's Place of 20,000 sq ft of the offices over three floors, plus the common services and reception areas, has now completed, contributing to the upgrading of the existing buildings on the estate. One of the three vacant floors has already been let and another is under offer;

- in conjunction with the new developments at 201 Bishopsgate and The Broadgate Tower, we are improving the links between Broadgate and these developments to incorporate them into the estate. The existing Broadgate Estate is being improved through selective surrenders and refurbishments such as 56,000 sq ft at 6 Broadgate which has been taken back and is planned to be refurbished;

- at Meadowhall overall retailer performance continues to be good. The former food hall has now been reconfigured to create larger more regular shaped units, and these are letting well. Turnover in the Meadowhall Food Court, where recent openings include Zizzi and Coal, has increased by 12% for the first six months of this year;

- at Bon Accord and St Nicholas Shopping Centre, Aberdeen, we have instigated a number of lease surrenders and reconfigured space to improve the retail mix, enabling new lettings to Top Shop, Coast, Warehouse, Karen Millen and Oasis all due to open in 2009.

Visitor numbers at Meadowhall are up over 3%, and at a number of retail parks where we have monitored traffic consistently visits have also increased, in the first 9 months of this year compared to the same period of last year.

Development

Completed Projects	Sq ft 000	Rent £m pa Total[1]	Rent £m pa Let	Site cost £m	Cost[2,3] + interest £m	Value Sept 2008[3] £m	Sales £m	Project Uplift %
Broadgate Tower, EC2	400	21.8	9.6	34	218	293		16
Giltbrook, Nottingham	199	3.9	3.4	12	46	62		7
Puerto Venecia, Zaragoza (retail park)[4]	900	3.2	2.2	31	41	59	16	4
Total	**1,499**	**28.9**	**15.2**	**77**	**305**	**414**	**16**	

[1] current estimated headline rent (excludes provision for tenants' incentives)
[2] construction costs
[3] includes costs not yet spent
[4] Spain, joint venture (Eurofund Investments Zaragoza) BL share 50%
Data for Group and its share of Joint Ventures (except areas which are shown at 100%)

The 35 storey 400,000 sq ft Broadgate Tower, EC2, reached practical completion in August 2008 generating 16% profit on cost. As a result of the lettings to Reed Smith the offices are 42% let. The Broadgate Tower and 201 Bishopsgate (offices 84% let, with more under offer) are taking their place as part of the Broadgate Estate.

The Giltbrook Retail Park in Nottingham, a mixed use scheme of retail and industrial space, has completed on time and on budget. The available units at the 127,000 sq ft retail park are fully let: Laura Ashley, Carpetright, CSL and Starbucks have opened for trade and another eight retailers expect to open prior to Christmas 2008, including BHS, Next, Comet and Frankie & Benny's. An improved planning consent has been achieved on the two remaining units and offers have been received for these at rents above those for the let units. The success of the park has confirmed our expectations that Giltbrook will be an important regional retail destination. The industrial space is 42% let, sold, or under offer.

Committed Developments	PC[1]	Sq ft 000	Cost £m[2] Total	Cost £m[2] To complete	Value Sept 08 £m	Notional Interest £m[3]	Rent £m, pa Total[4]	Rent £m, pa Let/ pre-let	Sales £m[5]
London Offices:									
Ropemaker	Q3 2009	586	221	87	244	10	30.6	0.0	0
Osnaburgh Street[6]	Q3 2009	490	257	145	147	11	20.5	0.0	57
Total Offices		**1,076**	**478**	**232**	**391**	**21**	**51.1**	**0.0**	**57**
Retail									
Puerto Venecia, Zaragoza[7] (shopping centre)	Q2 2010	1,333	77	66	55	11	9.1	1.4	9
Total		**2,409**	**555**	**298**	**446**	**32**	**60.2**	**1.4**	**66**

[1] estimated practical completion of construction
[2] estimated construction cost
[3] from 1 October 2008 to PC
[4] current estimated headline rent (excludes provision for tenants' incentives)
[5] parts of development expected to be sold, so no rent allocated
[6] Regent's Place, development includes 110,000 sq ft residential, being sold
[7] Spain, joint venture (Eurofund Investments Zaragoza) BL share 50%
Data for Group and its share of Funds and Joint Ventures (except areas which are shown at 100%).

The committed development programme is now limited to the offices at Ropemaker, the mixed use scheme at Osnaburgh Street and the Puerto Venecia retail project in Spain. Costs to complete these committed projects are some £298 million and the value of them represents just 4% of the total portfolio.

We are seeing good tenant interest at **Ropemaker**, an excellent building providing first class offices, reaching the market at a difficult time. We have recently agreed terms with a major institution for a letting of 182,000 sq ft with options for the occupier, up to practical completion, to take a further 48,000 sq ft or to reduce its requirements by 32,000 sq ft (and they intend to surrender 112,000 sq ft currently occupied elsewhere in our portfolio).

The residential elements of the **Osnaburgh Street** development at 110,000 sq ft have attracted considerable interest (despite market conditions). Contracts have been exchanged for the sale of 83% of the accommodation, including 75% of the open market units at prices overall above the March 2008 valuation. The social housing has been pre-sold to a Housing Association. Completion is scheduled next year.

At **Puerto Venecia, Zaragoza**, our joint venture development scheme in Spain, the retail park element of 900,000 sq ft has completed and the majority of the units are now open and trading. More new tenants have signed leases since the year end, including Media Markt for a 40,000 sq ft flagship store, and the park is now 88% let, under offer or sold (sales of 480,000 sq ft in total have completed). Discussions are ongoing with prospective tenants for the remaining units. The success of the retail park, both in terms of letting and trade, is encouraging for the shopping and leisure centre phase of the scheme, where ground works are well underway. Tenant interest is strong with several recent new lettings including Desigual, Converse, Mango and Esprit. This element of the scheme is currently 61% pre-let, pre-sold or with terms agreed.

As to **development prospects**, we have limited capital of some £190 million tied up in these projects and, while values may decline in the short term, we are able to see through the cycle, keep projects under review and reconsider these opportunities when the time is right. At Leadenhall, the demolition of the existing building and preparatory basement ground works will be completed at a further cost of £30 million. We will then pause to review the proposed design and value engineer the construction, to reduce the costs of the building, alongside a reassessment of the timing of delivery of the offices into the market.

Portfolio Valuation

The table below shows the principal valuation movements by sector for the six months and the three months (Q2) to 30 September 2008.

The capital return from the portfolio at -11.2% for the six months, as measured by IPD (calculated on our UK assets on average capital employed and excluding capitalised interest) was behind IPD Benchmark by -1.3%. The capital return from Retail was ahead of IPD. Our Office portfolio, while performing broadly in line with IPD at the investment subsectors level, had a lower overall capital return than IPD due to its higher weighting in the City and the impact of the developments.

Like for like rental value (ERV) movement for the overall portfolio was -1.0% for the six months (IPD -0.3%). The Retail positive ERV growth of 0.9% was outweighed by the fall in rental values in Offices of -4.0% (also due to our City weighting).

The net equivalent yield (after notional purchaser's cost) on the portfolio at 30 September 2008 was 6.1%, 57 bps higher than 31 March 2008.

Valuation by sector	Group £m	Funds/JVs[1] £m	Total £m	Portfolio %	Change[2] % 3 mths	Change[2] % 6 mths
Retail						
Retail Warehouses	1,747	1,252	2,999	25.9	(5.5)	(10.2)
Superstores	123	1,087	1,210	10.4	(3.4)	(5.3)
Shopping Centres[3]	1,578	328	1,906	16.5	(5.3)	(8.0)
Department Stores	530	117	647	5.6	(7.5)	(10.8)
High Street	67	-	67	0.6	(9.1)	(12.7)
All retail	**4,045**	**2,784**	**6,829**	**59.0**	**(5.3)**	**(8.9)**
Offices[4]						
City[5]	3,334		3,334	28.8	(8.6)	(14.1)
West End[6]	1,103	-	1,103	9.5	(5.6)	(9.6)
Provincial	20	11	31	0.3	(9.3)	(16.6)
All offices	**4,457**	**11**	**4,468**	**38.6**	**(7.9)**	**(13.2)**
Industrial, distribution, leisure, other	256	18	274	2.4	(10.8)	(13.7)
Total	**8,758**	**2,813**	**11,571**	**100.0**	**(6.5)**	**(10.8)**

[1] Group's share of properties in Funds and Joint Ventures
[2] change in value for 3 months and 6 months to 30 September 2008, includes valuation movement in developments, purchases and sales, net of capital expenditure
[3] Meadowhall Shopping Centre valuation down 7.4% to £1,400 million; ERV £86.7 million; net equivalent yield 5.7%
[4] includes Developments in City, West End and provincial: total value £547 million, 4.7% of Portfolio, 22.1% down for the 6 months (201 Bishopsgate and the Broadgate Tower now included in Broadgate and valued as investments)
[5] Broadgate valuation down 13.7% to £2,897 million; headline ERV range £45.50-62.50 per sq ft (average headline ERV has fallen 5.7% to £50 psf); net initial yield 5.9% (assuming top up of rent free periods and guaranteed minimum uplifts to first review); net equivalent yield 6.3%
[6] Regent's Place valuation down 6.1% to £661 million; headline ERV range £35-61 per sq ft; net initial yield 5.9% (assuming top up of rent free periods and guaranteed minimum uplifts to first review); net equivalent yield 6.2%.

The main sector impacts on the valuation movements over the six months were:

- **City Offices**, at 28.8% of the portfolio including developments, saw outward initial yield shift of 78 bps on the investments which, coupled with the decline in ERV of 5.4%, contributed to an overall decrease in valuation. The gross (top-up) initial yield moved out to 6.2%;

- **West End Offices**, including developments at 9.5% of the portfolio, had outward initial yield shift of 60 bps on the investments and no change in rental values, decreasing valuation by 9.6%;

- **Retail warehouses**, representing 25.9% of the portfolio, saw outward equivalent yield shift of 69 bps, offset by ERV growth of 0.9% resulting in the valuation reducing by 10.2%; and

- **Shopping centres**, being 16.5% of the portfolio, showed a fall in value of 8.0% with an outward equivalent yield shift of 49 bps against ERV growth of 1.0%.

The value of our investment in Songbird Estates plc, which provides a 'look through' 10.8% economic interest in Canary Wharf, the London Dockland premier office estate, has been marked down for accounting purposes at 30 September 2008 by 39.5% since 31 March 2008 to £112m.

Portfolio Yields (excluding developments)	**Annualised net rents[1] £m**	**Reversionary income[2] (5 years) £m**	**Initial yield[3] %**	**Top-up Initial Yield[3,6]%**	**Reversionary yield[3] (5 years) %**	**Net Equivalent yield[4] %**
Retail						
Retail Warehouses	158	31	5.7	6.1	6.8	6.0
Superstores	68	5	5.6	5.6	6.0	5.5
Shopping Centres	101	14	5.3	5.6	6.1	5.9
Department Stores	38	6	5.9	6.8	6.8	6.6
High Street	4	1	6.0	6.1	7.4	6.4
All retail	**369**	**57**	**5.6**	**5.9**	**6.4**	**5.9**
Offices						
City	163	36	5.5	6.2	6.6	6.3
West End	50	10	5.4	5.7	6.5	6.1
All offices	**213**	**46**	**5.4**	**6.1**	**6.6**	**6.2**
Industrial, distribution, leisure, other	18	3	7.2	7.9	8.5	8.4
Total	**600**	**106[5]**	**5.6**	**6.0**	**6.6**	**6.1[7]**

Data for Group and its share of Funds and Joint Ventures
[1] 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
[2] includes rent reviews and lease break/expiry and letting of vacant space at current ERV (as determined by external valuers) within 5 years, plus expiry of rent free periods
[3] gross yield to British Land (without notional purchaser's costs)
[4] after purchaser's costs
[5] £48m contracted under expiry of rent free periods and minimum rental increases
[6] adding back rent frees and minimum rental uplifts
[7] true equivalent yield (after notional purchaser's costs and based on rents received quarterly in advance, reflecting true cash flow profile): Retail 6.2%; Offices 6.5%; Total 6.3%

Property sectoral outlook

Retail Sector

Leadership in Retail - £6.8 billion invested (BL Share)
- £10.4 billion total property under management

Following significant reshaping, the retail portfolio is now firmly focussed on **prime out of town shopping parks, superstores and Meadowhall**. More than 90% of our investments have the most flexible planning use of Open A1 (or open restricted), offering the best scope for our ongoing asset management initiatives.

It is important to note that not all out of town retail parks fall into a single sub-sector. Open A1 parks are expected to outperform due to their favourable supply and demand characteristics: retailers continue to migrate to these parks from the High Street, seeking and realising lower occupational costs and flexible accommodation. By contrast, bulky goods retail warehouses,

which account for around 75% of the UK retail warehouse market, are more restricted in their trading and retailer mix, currently experiencing difficult retail market conditions and have more limited prospects.

Active asset management, anticipating and responding to retailers' needs represents our key differential, to which we remain committed in the current challenging market conditions to strengthen our portfolio. Details of our activity during the half-year are set out earlier in this report. The £280m (gross) of sales achieved despite a thin market, were concentrated on particular assets with weaker income profiles and where we see less potential for improvement through our management. The 1.8 million sq ft of lettings and rent reviews, including 550,000 sq ft of retail park lettings, were overall ahead of ERV by 3% - and we have another 300,000 sq ft of further lettings under offer since September. The development at Giltbrook has completed and all available retail in the shopping park has been let or is under offer – a great success in the current market. Overall, the rental value growth for the six months across the retail portfolio was 0.9%, compared to IPD of 0.2%, led by our open A1 retail parks and the Meadowhall Shopping Centre.

The **retail investment market** is subdued by the lack of liquidity, with debt becoming scarce and equity remaining on the sidelines waiting for price levels to reach a compelling level for renewed activity. There have been few transactions in the investment market and yields are continuing to move out. Prime property, through its security of income, long leases, stronger occupational demand and covenants, higher occupancy and better prospects for growth should stabilise soonest. Secondary assets, where yields are moving out faster than prime, could continue to drift further and for longer.

The **occupational market for retail** will be the driver in setting investment values going forward. The UK consumer is becoming hesitant and retail sales are coming under pressure. Retailer performance is mixed, with food and fashion retailers faring better than electrical and homewares, though like for like sales are generally trending downwards. Good prime retail, both in and out of town, is continuing to attract occupier demand, although the retailers are increasingly selective and seeking out only the best positions (with little incentive for them in a difficult market to take more marginal stores).

Across the retail market, vacancies are expected to rise, particularly in town, high street and secondary locations, where retailers will seek to exit from poorer performing stores. Quality of location, planning use, unit configuration and flexibility, together with costs of occupation and operation will affect retailer performance and their commitment to trading at particular units.

British Land's customer-led strategy has reduced exposure to the weaker sectors and increased concentration on assets with ongoing management opportunities, coupled with the defensive qualities of security and longevity of income. Our prime portfolio has significant positive features: high occupancy of 99% (excluding our asset management initiatives); low occupational costs; long leases of over 15 years to first break, with only 4% of rents subject to break or expiry over the next 3 years; a good spread of tenant covenants; and limited exposure to long cycle development. While not immune to market conditions, prime is definitely the best place to be.

We will stay closely aligned to the retailers and progress our asset management to continually maintain and improve the quality of our investments. In the short term this positioning may not off-set further outward yield shift, but we will mitigate its impact, see through the cycle in better shape and be in the best possible position for positive performance when the market improves.

Offices Sector

Leadership in London Offices - £4.5 billion invested

We have **managed the cycle** by taking opportunities to sell a total of £3.1 billion (gross) of offices since 2005, having noted some time ago that London offices had been in a cyclical upswing. These sales have also reduced our weighting in the City versus that of the West End, now 75% against 25% of the office portfolio (in 2007, 80%:19%).

Our continued active management of the portfolio is set out in detail earlier in this report. The £429 million of sales in this half year, achieved in a difficult market with falling values, have been accretive to our performance. New income has been generated of £2.4 million per annum from settlement of rent reviews and of £3.5 million per annum from new lettings. Our completed developments at 201 Bishopsgate and the Broadgate Tower continue to attract new tenants: including areas currently under offer, the Tower is nearly half full and we have only 12% of 201 Bishopsgate remaining available. At 4 Broadgate, where Hendersons will shortly vacate and move into 201 Bishopsgate, we have let 47,000 sq ft on short term contracts, enabling us to receive income on this accommodation while we review prospects for refurbishing or redeveloping the building.

Completion of **development projects** and deferral of Leadenhall has reduced our committed schemes from 2.8 million sq ft last year to 1.1 million sq ft, now representing 3% of the total portfolio value. Included in these is Ropemaker, where we have over a quarter of the offices under offer. Tenant interest is also being seen in the Osnaburgh office development, although large pre-lets in the West End are relatively unusual and we have always believed that significant progress in lettings will be achieved after the building is completed and available to view. The residential units at Osnaburgh are 83% contracted for sale, with completion next year.

The **London office investment market** has formed the significant part of UK property investment activity this year. The relative level of liquidity in this sector has resulted in prompt adjustment of prime yields throughout the year to date. While secondary property benefited most from yield compression during the upward part of the cycle, closing the differential between secondary and prime, it is now more vulnerable than prime in the downturn. Secondary property is likely to lack both occupier appeal and security of income, resulting in limited investment interest.

The financial and business services sector in London is experiencing difficult conditions and London offices yields are vulnerable to further outward movement. However, London's competitive advantages remain strong and consensus forecasts are for the market to pull back and outperform again from 2010 onwards. Although investors seem to be concentrated on the downturn at present, significant pools of equity are understood to be targeting London. The timing of renewed investment is unclear, particularly when debt continues to be difficult to obtain and sentiment remains uncertain, but there will be a point when investors start to anticipate a bounceback.

The **occupational market in London** has low levels of vacancy across all subsectors at present. While vacancy rates will begin to rise to an extent as developments complete at a time of relatively weak demand, the development pipeline, particularly in our main area of focus in the City, has responded to market conditions with new supply reducing. Completions of accommodation that is not pre-let expected between 2008 and 2012 are some 40% lower than we were anticipating last year, and below the long term average. Development starts are now at negligible levels.

The other principal determinant of supply is the release of occupier controlled accommodation. At present the majority of our tenants are at or near full utilisation of the areas they occupy and in the market generally there are relatively limited levels of such accommodation being made available. Agents are indicating that some 3.4 million sq ft of tenant controlled offices are to be relet, which compares to 11.8 million sq ft during the last cycle in 2003. However, we are mindful of the consequences of the consolidation and

contraction of businesses in London and very much alert to the possibility of more supply arising as a result.

The outlook therefore is growing supply and contracting demand, which means rents are likely to continue to weaken across London. Our aim in this occupational market, which although subdued is not moribund, will be to continue to attract and retain occupiers in our prime Grade A buildings.

In summary, we anticipated the cycle by carrying out significant sales, our development programme has been much reduced and we have made good progress in achieving pre-lets. Our investment portfolio is aimed at **meeting our customers requirements**: it is modern, flexible and well located. Leases have an average length of 12 years, or 10 years to first break and, excluding our asset management initiatives, only 4% of current rents are subject to expiry or break over the next 3 years, representing important security of income. Occupancy across the portfolio is high at 94%. This is reduced from 99% at March 2008 due to the completion of 201 Bishopsgate and Broadgate Tower; if these buildings (and our asset management initiatives) are excluded the current occupancy rate is over 99%. Accordingly, the office accommodation we have available to let is nearly all new Grade A quality.

At British Land the **prime offices portfolio is well positioned** to see through the weaker markets and we remain positive regarding London's competitive advantages as a global financial and services centre.

Financing and Cash Flow

The management actions taken have given us exceptional asset based cash flow strengths and financing structure, managed together to achieve the most effective result.

British Land's prime property assets generate secure long term contracted rental income. The **weighted average lease length is over 13 years**. If no other management action is taken (and if all tenants with a break clause in their leases choose to exercise them) in 5 years (March 2013) 92% of our rents will continue to be contracted.

This **reliable cash flow** is increased under lease terms which contractually provide for growth in income at regular rent reviews. In outline, of our total UK rent roll including our share of Funds and Joint Ventures:

- 97% are subject to upward only reviews, usually every five years (with reviews across the portfolio well spread over the next five year period);
- 22% of these are also subject to rpi-linked, fixed or minimum uplifts. £48 million further income will be added to the rent roll on the expiry of current rent free periods and when minimum rental increases become effective under existing leases. (It should be noted that accounting policies under IFRS require that portions of these contracted increases are anticipated in the Group's income statement.);
- less than 2% are from short term leases;
- less than 1% are related to the occupier's turnover; and
- over 95% of the September 2008 quarter rents were collected within 5 working days of the due date, in line with our previous collection rates.

A **wide spread of good tenant covenants** contributes to the security of our income. No single entity accounts for more than 7% of the total rents. The top 10 office tenants include major international banks, firms of lawyers and HM Government, accounting for 22% of the rent roll. Top 10 retail tenants include the largest food operators, department stores and fashion/homeware retailers and provide 27% of rents.

Leases and occupancy (excluding developments)	**Average lease term years to first break**	**Underlying[1] occupancy rate %**	**Occupancy rate %**
Retail			
Retail Warehouses	11.8	99.0	98.0
Superstores	18.7	100.0	100.0
Shopping Centres	11.9	97.3	95.0
Department Stores	28.6	100.0	100.0
High Street	4.5	99.0	99.0
All retail	**15.1**	**98.8**	**97.7**
Offices			
City	9.6	91.9[2]	90.2
West End	9.9	99.2	97.3
All offices	**9.7**	**93.6**	**91.9**
Industrial, distribution, leisure, other	22.9	93.7	93.2
Total	**13.4**	**96.6**	**95.3**

[1] the underlying occupancy rate includes accommodation subject to asset management initiatives and under offer
[2] 99.5% excluding completed developments 201 Bishopsgate / Broadgate Tower

Occupancy is exceptionally high, across all sectors, with the only significant areas available to let being in the development programme. Apart from the new Grade A office accommodation remaining available at the completed developments at 201 Bishopsgate and the Broadgate Tower, and excluding our asset management initiatives, our office investments are more than 99% let/under offer.

While the economic climate is challenging for some of our customers, **occupiers in administration** represents only 0.6% of rents: 0.4% is from units where trading continues and the lease is being assigned (or a new lease being granted) such that our net exposure is only **0.2% of rents**. In those cases where the leases are being assigned, the new rent being agreed overall is higher than the previous rent passing.

Financing statistics	**30 September 2008**	31 March 2008
Group:		
Net debt	£4,482m	£5,032m
Weighted average debt maturity	15.0 yrs	14.6 yrs
Weighted average interest rate	5.27%	5.27%
% of net debt at fixed/capped interest rates	100%	100%
Interest cover[1]	2.1	1.8
Loan to value[2]	44%	41%
Unsecured borrowing to Unencumbered Assets	17%	22%
Net Borrowings to Adjusted Capital and Reserves	78%	74%
Undrawn committed facilities	£2,698m	£2,433m
Group and share of Funds and Joint Ventures:		
Net debt[3]	£5,926m	£6,413m
Weighted average debt maturity	12.9 yrs	12.9 yrs
Weighted average interest rate	5.30%	5.29%
Interest cover[1]	2.0	1.8
Loan to value[2]	51%	47%

[1] Underlying profit before interest and tax / net interest
[2] debt to property and investments
[3] see Table A

The financing structure of the Group utilises secured and unsecured debt sources, with a spread of maturities.

Secured debt with longer maturities is arranged in securitisations and debentures. The £1 billion of **Debentures** issued by British Land are secured against a single combined pool of assets with common covenants: the value of assets is required to cover the amount of these debentures by a minimum of 1.5 times and net rental income must cover the interest at least 1 times. We use our rights under the debentures to withdraw, substitute or add properties (or cash collateral) in the security pool, in order to manage these cover ratios effectively and remedy if necessary. Secured debt issued or taken on by the Group as part of the acquisition in 2006 of the BL Davidson venture also include a range of asset value and income ratios, similarly managed by us and remediable as necessary. The assets of the Group not subject to any security stood at over £3 billion as at 30 September 2008.

Securitisations are in ring-fenced, special purpose subsidiaries secured by specific assets with **no recourse** to other companies or assets in the Group (and no cross-default to the Group).
The securitisations of the Broadgate estate (£2 billion) and Meadowhall (£840 million) have weighted average maturities of 17 years and 16 years respectively. The only financial covenant applicable to these securitisations is that income must cover interest and scheduled amortisation (1 times). Investors may view further details of the debentures and securitisations on our website.

Unsecured bank revolving credit facilities raised by British Land provide flexibility of drawing and repayment and are committed for terms up to a further eight years. Current facilities amount to some £3.1 billion with an average margin of 48 bps per annum, including undrawn lines of some £2.7 billion. Other unsecured funding includes US private placements, with terms up to 20 years.
Covenants applying across each of these unsecured facilities are the same:
a) Net Borrowings not to exceed 175% of Adjusted Capital and Reserves.
   At 30 September 2008 the ratio is 78%; and
b) Net Unsecured Borrowings not to exceed 70% of Unencumbered Assets.
   At 30 September 2008, the ratio is 17%.

No income/interest cover ratios apply to these facilities.
There are no other unsecured debt financial covenants in the Group.

Across all our debt arrangements, the **weighted average maturity is 12.9 years**.

The maturities of the Group bank facilities are such that only £170 million expire within the next two years and some £1.3 billion has a maturity of more than 5 years. Longer maturing facilities are sufficient to fund our committed development programme, and **no refinance in the Group is necessary before 2013**.

The debentures are all fixed rate for their terms and the securitisations are a combination of fixed and floating rate tranches. The unsecured bank lines are all raised on a floating interest rate (LIBOR) basis. To manage exposure to market rate fluctuations, we use swaps to achieve the desired overall interest rate profile. Our debt is presently fully hedged, including forward provision for development costs.

The current **weighted average interest rate has been held at 5.3%** (despite market increases). Over £5 billion of our debt instruments remain at this rate over the next 5 years.

Funds and Joint Ventures are each financed and interest rate managed separately, according to the requirements of their property business, including superstores, department stores and shopping centres, without recourse to British Land. Our share of the total bank or securitised debt in the Funds and Joint Ventures is some £1.5 billion. The debt has been arranged specifically for each venture, usually at the time of its establishment and for a term similar to the agreed initial life of the venture, of 5-10 years. Over the next two years a total of £269 million of this debt matures.

The majority of these debt arrangements in Funds and Joint Ventures include a variety of loan to value cover ratios or covenants, with maximum levels ranging from 55% to 90% (except for one Fund in which we have a small interest where the LTV is 35%) and several of them also have rental income to interest or debt service cover requirements. While there is no obligation on British Land to remedy any breach of these covenants, by way of example, if values of all the properties involved fell by 20% (from September 2008) our share of the total amount required to remedy the resulting loan to value ratios would be in the region of £50 million.

Overall **interest cover has risen to 2 times**, following the recent sales and repayment of debt – another positive feature.

Financial results

Summary for the 6 months ended:	**September 2008**	September 2007	Change
Income Statement	**£m**	£m	%
Underlying pre-tax profit[1]	**144**	143	+1
- excluding songbird dividend	**144**	127	+13
Gross rental income	**258**	300	-14
- proportional basis[2]	**331**	355	-7
Net interest costs	**110**	149	-26
- proportional basis[2]	**150**	179	-16
	pence	pence	
IFRS loss per share	**(257)**	0	
Underlying diluted earnings per share[1]	**27**	26	+4
Dividend per share	**18.75**	17.5	+7
As at:	**September 2008**	March 2008	
Balance Sheet			
Net Assets	**£5,289m**	£6,790m	-22
EPRA[1] NAV per share	**1043 pence**	1344 pence	-22
EPRA[2] NNNAV per share	**1186 pence**	1438 pence	-18

[1] see Note 1
[2] see Table A

The above table shows the cash flow strength of the business despite a further reduction in property values. The Group's underlying profits have slightly improved (1% increase) on the 30 September 2007 half year, despite the comparative period benefiting from a £16 million dividend from Songbird Estates that did not reoccur this period. Underlying profits excluding this dividend were up by 13% on the comparative period.

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

The Group has continued to be a net disinvestor and this is reflected in the income statement with both rental income and finance costs being significantly down on the corresponding six months in the previous financial year. After the £57m effect of disposals, **gross rental income** has increased by £19m on the held portfolio reflecting rent reviews and lettings of the investment portfolio and completed developments.

Like for like rental income increased in the six months by 4.2% compared with the corresponding period last year. The Group's rental income has good long term security with the average unexpired tenant lease length across our property portfolio being 14.7 years to expiry and 13.4 years to first break.

Property outgoings have also improved compared to the half year to 30 September 2007 and now amount to 4.2% of gross rental income compared to 5.9% for the comparative period. This improvement in outgoings is due in part to the sales programme including properties with higher non-recoverable expenses as well as tighter revenue cost control.

Administrative expenses were £33 million for the six months to 30 September 2008, 19.5% lower than for the comparative period. This reflects the reduced cost of share incentives and the benefit of restructuring carried out in early 2007.

Underlying **fees and other income** for the half year were £10 million compared to £29 million in the corresponding period last year. This movement principally relates to the dividend from Songbird Estates plc of £16 million recognised in underlying profit last year; these dividends by their nature are variable in amount and timing and no dividend has been received in the current half year.

Net financing costs for the half year were £150 million, £29m (16.2%) lower than the comparative half year, reflecting our reduced level of debt following property disposals in the previous 18 months. The interest cover ratio for the current half year has improved to 2.0 times from 1.8 times for the comparative period.

The **net valuation** reduction of £1,420 million was the most significant movement in the IFRS income statement during the last six months compared to a reduction of £252 million in the comparative period. This has resulted in a headline pre-tax loss for the six months of £1,335 million versus £32 million in the comparative period.

Underlying diluted **earnings per share** amounted to 27 pence for the six months, an improvement of 4% on the corresponding period last year.

Balance Sheet

EPRA net assets at 30 September 2008 were £5.4 billion, compared with £6.9 billion six months before. This gives a net asset value per share of 1043 pence, a decrease of 22% against 31 March 2008, as a result of the valuation mark-down discussed above. On a triple net asset value basis (after adjusting debt and derivatives to market value and deducting deferred taxation) EPRA net assets were 1186 pence per share. The positive mark to market reflects the long term nature and low cost of the debt portfolio.

Total properties owned at 30 September 2008, including share of Funds and Joint Ventures, were £11.6 billion, or £15.6 billion including properties under management.

At 30 September 2008 **net debt** totalled £4,482 million (31 March 2008: £5,032 million) resulting in a gearing (LTV) of 44% (51% proportionally consolidated) compared with 41% at 31 March 2008 (47% proportionally consolidated).

Dividend

The second quarter dividend of 9.375 pence per share, totalling £48 million, is payable on 13 February 2009 to shareholders on the register at close of business on 14 January 2009.

This is in addition to the first quarter dividend of 9.375 pence per share, making a total of 18.75 pence for the half year - consistent with the expected total dividend for the financial year of 37.5 pence, a 7% increase over the 2007/8 total dividend of 35 pence.

The dividend consists of a property income distribution (PID) of 2 pence and a non-PID element of 7.375 pence as explained in note 7 of the accounts.

Principal Risks and Uncertainties for the remaining six months of the financial year

The most significant risks to British Land's business relate to either property or financing.

Over the remaining six months of this financial year, the most significant risk within the former category is the future value to be placed on property assets. Turbulent conditions in both the financial markets and the wider economy have affected our valuation at the half year, and the prevailing investment market sentiment will impact the independent valuer's assessment of our property portfolio and our resultant net asset value for the third quarter and full year accordingly. The extreme illiquidity in the financial markets is threatening the availability of funding to many UK businesses and it remains uncertain how this will impact across the range of our customers. The high quality of British Land's portfolio, our strong cash flow and the continuing demand for our product from the broad diversity of tenants should help to mitigate the effects of these conditions.

Financing within British Land is sound with substantial liquidity available under committed facilities, borrowings 100% fixed and a weighted average debt expiry of 12.9 years. Financial covenants are set out earlier in this report.

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting"; and
(b) the interim management report includes a fair review of the information required by Sections DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

By order of the Board, Graham Roberts, Finance Director

Consolidated Income Statement for the period ended 30 September 2008

	Year ended 31 March 2008 Audited				Six months ended 30 September 2008 Unaudited			Six months ended 30 September 2007 Unaudited		
	Underlying pre tax* £m	Capital and other £m	Total £m	Note	Underlying pre tax* £m	Capital and other £m	Total £m	Underlying pre tax* £m	Capital and other £m	Total £m
Gross rental and related income	645		645	2	**283**		**283**	326		326
Net rental and related income	561		561	2	**248**		**248**	282		282
Fees and other income	40	30	70	2	**9**		**9**	29	30	59
Amortisation of intangible assets		(15)	(15)			**(7)**	**(7)**		(5)	(5)
Funds and joint ventures (see also below)	40	(346)	(306)		**27**	**(257)**	**(230)**	19	(52)	(33)
Administrative expenses	(67)		(67)		**(30)**		**(30)**	(38)		(38)
Net valuation movement (includes profits and losses on disposals)		(1,562)	(1,562)	2		**(1,207)**	**(1,207)**		(151)	(151)
Net financing costs										
- financing income	26		26		**8**		**8**	15		15
- financing charges	(316)		(316)		**(118)**		**(118)**	(164)		(164)
	(290)		(290)		**(110)**		**(110)**	(149)		(149)
(Loss) profit on ordinary activities before taxation	284	(1,893)	(1,609)		**144**	**(1,471)**	**(1,327)**	143	(178)	(35)
Taxation										
- current tax expense							**(4)**			(1)
- deferred tax credit			46				**19**			34
			46	2			**15**			33
Loss for the period after taxation attributable to shareholders of the Company			(1,563)				**(1,312)**			(2)
(Loss) earnings per share: basic			(305) p	1			**(258) p**			0 p
diluted			(303) p	1			**(257) p**			0 p
Share of results of funds and joint ventures										
Underlying profit before taxation	40		40		**27**		**27**	19		19
Net valuation movement (includes profits and losses on disposals)		(354)	(354)			**(265)**	**(265)**		(56)	(56)
Goodwill impairment		(3)	(3)						(2)	(2)
Non-recurring items		9	9						9	9
Current tax		1	1			**4**	**4**		(3)	(3)
Deferred tax		1	1			**4**	**4**			
	40	(346)	(306)	4	**27**	**(257)**	**(230)**	19	(52)	(33)

* As defined in note 1

Consolidated Balance Sheet as at 30 September 2008

31 March 2008 Audited £m		Note	**30 September 2008 Unaudited £m**	30 September 2007 Unaudited £m	30 June 2008 Unaudited £m
	Assets				
	Non-current assets				
9,389	Investment properties	3	**8,321**	12,216	8,393
1,062	Development properties	3	**418**	961	980
53	Owner-occupied property	3	**45**	57	51
10,504			**8,784**	13,234	9,424
	Other non-current assets				
1,532	Investments in funds and joint ventures	4	**1,313**	1,614	1,442
196	Other investments		**122**	236	179
39	Intangible assets		**33**	45	36
12,271			**10,252**	15,129	11,081
	Current assets				
133	Debtors		**112**	210	202
244	Cash and short-term deposits	5	**387**	453	581
377			**499**	663	783
12,648	**Total assets**		**10,751**	15,792	11,864
	Liabilities				
	Current liabilities				
(111)	Short-term borrowings and overdrafts	5	**(59)**	(117)	(108)
(450)	Creditors		**(463)**	(484)	(439)
(561)			**(522)**	(601)	(547)
	Non-current liabilities				
(5,151)	Debentures and loans	5	**(4,802)**	(6,385)	(4,892)
(38)	Other non-current liabilities		**(67)**	(42)	(71)
(108)	Deferred tax liabilities		**(71)**	(143)	(94)
(5,297)			**(4,940)**	(6,570)	(5,057)
(5,858)	**Total liabilities**		**(5,462)**	(7,171)	(5,604)
6,790	**Net assets**		**5,289**	8,621	6,260
	Equity				
131	Share capital	6	**131**	130	131
1,269	Share premium	6	**1,271**	1,266	1,270
335	Other reserves	6	**11**	501	412
5,055	Retained earnings	6	**3,876**	6,724	4,447
6,790	**Total equity attributable to shareholders of the Company**		**5,289**	8,621	6,260
1344 p	**EPRA NAV per share***	1	**1043 p**	1682 p	1212 p

* As defined in note 1

Consolidated Statement of Recognised Income and Expense

for the period ended 30 September 2008

Year ended 31 March 2008 Audited £m		Note	Three months ended 30 September **2008** Unaudited **£m**	2007 £m	Six months ended 30 September **2008** Unaudited **£m**	2007 £m
(1,563)	Loss for the period after taxation		**(747)**	(277)	**(1,312)**	(2)
	Valuation movements					
57	- on development properties	2		34	**(44)**	94
3	- on owner-occupied property	2	**(2)**	7	**(3)**	7
(70)	- on other investments	2	**(56)**		**(73)**	(30)
(10)			**(58)**	41	**(120)**	71
	(Loss) gain on cash flow hedges					
(53)	- Group		**(99)**	(83)	**16**	20
(20)	- Funds and joint ventures		**(24)**	(16)	**1**	(4)
(10)	Actuarial loss on pension scheme		**(1)**		**(1)**	
25	Tax on items taken directly to equity		**12**	(9)	**18**	2
(68)	**Net (loss) gain recognised directly in equity**		**(170)**	(67)	**(86)**	89
	Transferred to the income statement (cash flow hedges)					
1	- foreign currency derivatives		**(9)**	1	**(9)**	2
(28)	- interest rate derivatives		**(4)**	(7)	**(11)**	(11)
(27)			**(13)**	(6)	**(20)**	(9)
(1,658)	**Total recognised income and expense for the period**		**(930)**	(350)	**(1,418)**	78

Reconciliation of Movements in Shareholders' Funds

Year ended 31 March 2008 Audited £m		Three months ended 30 September **2008** Unaudited **£m**	2007 £m	Six months ended 30 September **2008** Unaudited **£m**	2007 £m
	Capital items				
7	- Shares issued	**1**	1	**2**	3
(151)	- Purchase of own shares		(125)		(137)
11	- Adjustment for share and share option awards	**2**	4	**4**	7
(166)	- Dividends paid in the period	**(44)**	(43)	**(89)**	(77)
(299)		**(41)**	(163)	**(83)**	(204)
(1,658)	Total recognised income and expense for the period	**(930)**	(350)	**(1,418)**	78
(1,957)	Movement in shareholders' funds for the period	**(971)**	(513)	**(1,501)**	(126)
8,747	Opening equity shareholders' funds	**6,260**	9,134	**6,790**	8,747
6,790	**Closing equity shareholders' funds**	**5,289**	8,621	**5,289**	8,621

Consolidated Cash Flow Statement

for the period ended 30 September 2008

Year ended 31 March 2008 Audited £m		Three months ended 30 September 2008 Unaudited £m	Three months ended 30 September 2007 Unaudited £m	Six months ended 30 September 2008 Unaudited £m	Six months ended 30 September 2007 Unaudited £m
536	Rental income received from tenants	**118**	123	**235**	254
32	Fees and other income received	**5**	4	**22**	25
(91)	Operating expenses paid to suppliers and employees	**(20)**	(23)	**(41)**	(53)
477	**Cash generated from operations**	**103**	104	**216**	226
(373)	Interest paid	**(81)**	(87)	**(134)**	(180)
19	Interest received	**5**	6	**7**	10
(3)	UK corporation tax paid	**(1)**		**(2)**	(2)
(1)	Foreign tax paid		(1)		(1)
47	Distributions received: funds and joint ventures	**5**	6	**11**	38
16	Songbird Estates				16
182	**Net cash inflow from operating activities**	**31**	28	**98**	107
	Cash flows from investing activities				
(119)	Purchase of investment properties		(20)		(118)
(523)	Development and other capital expenditure	**(104)**	(107)	**(259)**	(217)
1,460	Sale of investment properties	**93**	381	**777**	1,123
(291)	REIT conversion charge paid		(291)	**(6)**	(291)
2	Sale of investments				2
32	Indirect taxes in respect of investing activities	**2**	52	**2**	32
272	Establishment of BL Sainsbury Superstores Joint Venture				
(90)	Investment in and loans to funds and joint ventures	**(23)**	(50)	**(27)**	(85)
88	Capital distributions received: funds and joint ventures		10	**2**	50
30	Songbird Estates				30
(4)	Purchase of subsidiary companies (net of cash acquired)				
857	**Net cash (outflow) inflow from investing activities**	**(32)**	(25)	**489**	526
	Cash flows from financing activities				
7	Issue of ordinary shares	**1**	1	**2**	3
(151)	Purchase of own shares		(125)		(137)
(161)	Dividends paid	**(41)**	(43)	**(86)**	(77)
	Movement in other financial liabilities	**(5)**		**50**	
(686)	(Decrease) increase in bank and other borrowings	**(151)**	234	**(415)**	(163)
(991)	**Net cash (outflow) inflow from financing activities**	**(196)**	67	**(449)**	(374)
48	Net (decrease) increase in cash and cash equivalents	**(197)**	70	**138**	259
191	Opening cash and cash equivalents	**574**	380	**239**	191
239	**Closing cash and cash equivalents**	**377**	450	**377**	450
	Cash and cash equivalents consists of:				
244	Cash and short-term deposits	**387**	453	**387**	453
(5)	Overdrafts	**(10)**	(3)	**(10)**	(3)
239		**377**	450	**377**	450

Consolidated Income Statement for the period ended 30 September 2008

Year ended 31 March 2008 Audited					Three months ended 30 September 2008 Unaudited			Three months ended 30 September 2007 Unaudited		
Underlying pre tax* £m	Capital and other £m	Total £m		Note	Underlying pre tax* £m	Capital and other £m	Total £m	Underlying pre tax* £m	Capital and other £m	Total £m
645		645	**Gross rental and related income**	2	137		137	166		166
561		561	**Net rental and related income**	2	121		121	141		141
40	30	70	Fees and other income	2	4		4	7		7
	(15)	(15)	Amortisation of intangible assets			(3)	(3)		(1)	(1)
40	(346)	(306)	Funds and joint ventures (see also below)		13	(139)	(126)	10	(71)	(61)
(67)		(67)	Administrative expenses		(15)		(15)	(18)		(18)
	(1,562)	(1,562)	Net valuation movement (includes profits and losses on disposals)	2		(683)	(683)		(296)	(296)
			Net financing costs							
26		26	- financing income		6		6	8		8
(316)		(316)	- financing charges		(59)		(59)	(81)		(81)
(290)		(290)			(53)		(53)	(73)		(73)
284	(1,893)	(1,609)	**(Loss) profit on ordinary activities before taxation**		70	(825)	(755)	67	(368)	(301)
			Taxation							
			- current tax expense				(3)			
		46	- deferred tax credit				11			24
		46		2			8			24
		(1,563)	**Loss for the period after taxation attributable to shareholders of the Company**				(747)			(277)
		(305) p	(Loss) earnings per share: basic	1			(146) p			(54) p
		(303) p	diluted	1			(146) p			(54) p

Year ended 31 March 2008 Underlying pre tax* £m	Capital and other £m	Total £m		Note	Three months ended 30 September 2008 Underlying pre tax* £m	Capital and other £m	Total £m	Three months ended 30 September 2007 Underlying pre tax* £m	Capital and other £m	Total £m
			Share of results of funds and joint ventures							
40		40	Underlying profit before taxation		13		13	10		10
	(354)	(354)	Net valuation movement (includes profits and losses on disposals)			(138)	(138)		(69)	(69)
	(3)	(3)	Goodwill impairment							
	9	9	Non-recurring items							
	1	1	Current tax			(2)	(2)		(2)	(2)
	1	1	Deferred tax			1	1			
40	(346)	(306)		4	13	(139)	(126)	10	(71)	(61)

* As defined in note 1

Notes to the accounts (unaudited)

1. Performance measures

Year ended 31 March 2008			Three months ended 30 September				Six months ended 30 September			
			2008		2007		**2008**		2007	
Earnings £m	Pence per share	**(Loss) earnings per share (diluted)**	**Earnings £m**	**Pence per share**	Earnings £m	Pence per share	**Earnings £m**	**Pence per share**	Earnings £m	Pence per share
284		Underlying pre tax profit - income statement	**70**		67		**144**		143	
(8)		Tax charge relating to underlying profit	**(3)**		(3)		**(4)**		(6)	
276	53 p	**Underlying earnings per share**	**67**	**13 p**	64	12 p	**140**	**27 p**	137	26 p
		Realisation of cash flow hedges							9	
13		Tax and other items			1				2	
289	56 p	**EPRA earnings per share**	**67**	**13 p**	65	12 p	**140**	**27 p**	148	28 p
(1,563)	(303) p	**Loss for the period after taxation**	**(747)**	**(146) p**	(277)	(54) p	**(1,312)**	**(257) p**	(2)	0 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 six month period was: basic: 509m (three months ended 30 September 2008: 510m; year ended 31 March 2008: 512m; six months ended 30 September 2007: 519m; three months ended 30 September 2007: 516m); diluted for the effect of share options: 511m (three months ended 30 September 2008: 512m; year ended 31 March 2008: 516m; six months ended 30 September 2007: 520m; three months ended 30 September 2007: 517m). Basic earnings per share (undiluted) for the six month period were (258)p (three months ended 30 September 2008: (146)p; year ended 31 March 2008: (305)p; six months ended 30 September 2007: 0p; three months ended 30 September 2007: (54)p). Earnings per share shown in the table above are diluted.

31 March 2008 £m	**Net asset value (NAV)**	**30 September 2008 £m**	30 September 2007 £m	30 June 2008 £m
6,790	**Balance sheet net assets**	**5,289**	8,621	6,260
102	Deferred tax arising on revaluation movements	**63**	134	85
(3)	Mark to market on effective cash flow hedges and related debt adjustments	**(2)**	(108)	(136)
47	Dilution effect of share options	**43**	49	43
6,936	**EPRA NAV**	**5,393**	8,696	6,252
1344 p	**EPRA NAV per share**	**1043 p**	1682 p	1212 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 30 September 2008, the number of shares in issue was: basic: 510m (30 June 2008: 509m; 31 March 2008: 509m; 30 September 2007: 509m); diluted for the effect of share options: 517m (30 June 2008: 516m; 31 March 2008: 516m; 30 September 2007: 517m).

Total return per share of minus 21.1% represents a reduction in EPRA NAV per share of 301p net of dividends paid of 17.5p (being the final two quarters of the 35p full year 2008 dividend, see note 7) in the six months to 30 September 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 30 September 2008 £m	Three months ended 30 September 2007 £m	Six months ended 30 September 2008 £m	Six months ended 30 September 2007 £m
	Gross and net rental income				
547	Rent receivable	**120**	135	**240**	276
46	Spreading of tenant incentives and guaranteed rent increases	**6**	11	**18**	21
3	Surrender premiums		1		3
596	**Gross rental income**	**126**	147	**258**	300
49	Service charge income	**11**	19	**25**	26
645	**Gross rental and related income**	**137**	166	**283**	326
(49)	Service charge expenses	**(11)**	(19)	**(25)**	(26)
(35)	Property operating expenses	**(5)**	(6)	**(10)**	(18)
561	**Net rental and related income**	**121**	141	**248**	282
	Fees and other income				
21	Performance and management fees (from funds and joint ventures)	**4**	6	**8**	11
16	Dividend received from Songbird Estates plc				16
3	Other fees and commission		1	**1**	2
40	Underlying	**4**	7	**9**	29
30	Capital dividend received from Songbird Estates plc				30
70		**4**	7	**9**	59
	Net revaluation gains (losses) on property and investments				
	Income statement				
(1,588)	Revaluation of properties	**(677)**	(312)	**(1,159)**	(191)
26	Result on property disposals	**(6)**	16	**(48)**	40
(1,562)		**(683)**	(296)	**(1,207)**	(151)
(354)	Share of losses of funds and joint ventures (note 4)	**(138)**	(69)	**(265)**	(56)
(1,916)		**(821)**	(365)	**(1,472)**	(207)
	Consolidated statement of recognised income and expense				
57	Revaluation of development properties		34	**(44)**	94
3	Revaluation of owner-occupied property	**(2)**	7	**(3)**	7
(70)	Revaluation of investments	**(56)**		**(73)**	(30)
(1,926)		**(879)**	(324)	**(1,592)**	(136)
	Tax expense (income)				
3	Current tax: UK corporation tax (28%)	**3**	1	**4**	3
1	Foreign tax				
4		**3**	1	**4**	3
(4)	Adjustments in respect of prior periods		(1)		(2)
	Total current tax expense	**3**		**4**	1
(46)	Deferred tax on revaluations	**(11)**	(24)	**(19)**	(34)
(46)	**Group total taxation (net)**	**(8)**	(24)	**(15)**	(33)
(2)	Attributable to funds and joint ventures	**1**	2	**(8)**	3
(48)	**Total taxation**	**(7)**	(22)	**(23)**	(30)

Tax attributable to underlying profits for the six months ended 30 September 2008 was £4m (three months to 30 September 2008: £3m, year to 31 March 2008: £8m; six months to 30 September 2007: £6m; three months to 30 September 2007: £3m).

3. Property

Total property interests are £11,571m at 30 September 2008 comprising properties held by the Group of £8,758m, share of properties held by funds of £1,091m and share of properties held by joint ventures of £1,722m. 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		**30 September 2008 £m**	30 September 2007 £m	30 June 2008 £m
9,389	Investment properties	**8,321**	12,216	8,393
1,062	Development properties	**418**	961	980
53	Owner-occupied property	**45**	57	51
10,504	Carrying value of properties on balance sheet	**8,784**	13,234	9,424
(35)	Head lease liabilities	**(26)**	(35)	(26)
10,469	**Total British Land Group property portfolio valuation**	**8,758**	13,199	9,398

At 30 September 2008 Group properties valued at £6,120m* were subject to a security interest (30 June 2008: £6,465m, 31 March 2008: £7,162m; 30 September 2007: £8,762m) and other properties of non-recourse companies amounted to £2m* (30 June 2008: £2m, 31 March 2008: £2m; 30 September 2007: £12m).

* See note 5.3

4. Funds and joint ventures

Summary of British Land's share of investments in funds and joint ventures at 30 September 2008

	Underlying profit (three months) £m	**Underlying profit (six months) £m**	**Net Investment £m**	Gross assets £m	Gross liabilities £m
Share of funds	**4**	**10**	**606**	1,127	(521)
Share of joint ventures	**9**	**17**	**707**	1,832	(1,125)
Total	**13**	**27**	**1,313**	2,959	(1,646)

At 30 September 2008 the investment in Joint Ventures included within the total net investment in Funds and Joint Ventures was £725m* (30 June 2008: £817m; 31 March 2008: £833m; 30 September 2007: £748m).

Amounts owed to joint ventures at 30 September 2008 were £30m* (30 June 2008: £29m; 31 March 2008: £29m; 30 September 2007: £28m).

* 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 30 September 2008 £m**	Three months ended 30 September 2007 £m	**Six months ended 30 September 2008 £m**	Six months ended 30 September 2007 £m
113	**Gross rental income**	**36**	28	**73**	55
106	Net rental and related income	**34**	26	**69**	52
(6)	Other income and expenditure		(1)	**(2)**	(3)
(60)	Net financing costs	**(21)**	(15)	**(40)**	(30)
40	**Underlying profit before taxation**	**13**	10	**27**	19
(354)	Net valuation and disposal movements	**(138)**	(69)	**(265)**	(56)
9	Non-recurring items				9
(3)	Goodwill impairment				(2)
(308)	**Loss on ordinary activities before taxation**	**(125)**	(59)	**(238)**	(30)
1	Current tax	**(2)**	(2)	**4**	(3)
1	Deferred tax	**1**		**4**	
(306)	**Loss on ordinary activities after taxation**	**(126)**	(61)	**(230)**	(33)

5. Net Debt

31 March 2008 £m		30 September 2008 £m	30 September 2007 £m	30 June 2008 £m
2,869	Securitisations	**2,846**	3,612	2,857
1,172	Debentures	**1,171**	1,175	1,172
785	Bank loans and overdrafts	**399**	1,279	535
436	Other bonds and loan notes	**445**	436	436
5,262	Gross debt	**4,861**	6,502	5,000
31	Interest rate and currency derivative liabilities	**28**	22	22
(17)	Interest rate and currency derivative assets	**(20)**	(103)	(117)
5,276		**4,869**	6,421	4,905
(244)	Cash and short-term deposits	**(387)**	(453)	(581)
5,032	**Net debt**	**4,482**	5,968	4,324

1. Gross debt includes £59m due within one year at 30 September 2008 (30 June 2008: £108m; 31 March 2008: £111m; 30 September 2007: £117m).
2. Undrawn committed bank facilities amounted to £2,698m at 30 September 2008.
3. The **financial covenants** applicable to the Group unsecured debt are:
   a. **Net Borrowings not to exceed 175% of Adjusted Capital and Reserves**. At 30 September 2008 the ratio is **78%**:
      i. Net Borrowings are **£4,532m**, being the principal amount of gross debt of £4,866m plus amounts owed to joint ventures of £30m (see note 4) and TPP Investments Ltd of £23m (see note 9), less the cash and short-term deposits of £387m; and
      ii. Adjusted Capital and Reserves are **£5,822m**, being share capital and reserves of £5,289m (balance sheet), adjusted for £63m of deferred tax (see note 1), £472m exceptional refinancing charges (see note 6) and £(2)m mark to market on interest rate swaps (see note 1); and
   b. **Net Unsecured Borrowings not to exceed 70% of Unencumbered Assets**. At 30 September 2008 the ratio is **17%**:
      i. Net Unsecured Borrowings are **£571m**, being the principal amount of gross debt of £4,866m plus amounts owed to joint ventures of £30m (see note 4) less cash and deposits not subject to a security interest of £55m less the principal amount of secured and non-recourse borrowings of £4,270m; and
      ii. Unencumbered Assets are **£3,346m** being properties of £8,758m (see note 3) plus investments in funds and joint ventures of £1,313m (balance sheet) and other investments of £122m (balance sheet) less investments in joint ventures of £725m (see note 4) and encumbered assets of £6,122m (see note 3).

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			41	387	**428**
Share issues		2			**2**
Purchase of own shares				(12)	**(12)**
Adjustment for share and share option awards				3	**3**
Dividends paid in the three month period				(34)	**(34)**
At 30 June 2007	**130**	**1,265**	**573**	**7,166**	**9,134**
At 1 July 2007	**130**	**1,265**	**573**	**7,166**	**9,134**
Total recognised income and expense			(72)	(278)	**(350)**
Share issues		1			**1**
Purchase of own shares				(125)	**(125)**
Adjustment for share and share option awards				4	**4**
Dividends paid in the three month period				(43)	**(43)**
At 30 September 2007	**130**	**1,266**	**501**	**6,724**	**8,621**
At 1 April 2007	**130**	**1,263**	**532**	**6,822**	**8,747**
Total recognised income and expense			(197)	(1,461)	**(1,658)**
Share issues	1	6			**7**
Purchase of own shares				(151)	**(151)**
Adjustment for share and share option awards				11	**11**
Dividends paid in the year				(166)	**(166)**
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			77	(565)	**(488)**
Share issues		1			**1**
Adjustment for share and share option awards				2	**2**
Dividends paid in the three month period				(45)	**(45)**
At 30 June 2008	**131**	**1,270**	**412**	**4,447**	**6,260**
At 1 July 2008	**131**	**1,270**	**412**	**4,447**	**6,260**
Total recognised income and expense			(182)	(748)	**(930)**
Reallocation			(219)	219	
Share issues		1			**1**
Adjustment for share and share option awards				2	**2**
Dividends paid in the three month period				(44)	**(44)**
At 30 September 2008	**131**	**1,271**	**11**	**3,876**	**5,289**

At 30 September 2008, of the issued 25p ordinary shares, 2m shares were held in the ESOP Trust (30 June 2008: 2m; 31 March 2008: 2m; 30 September 2007: 3m), 11m shares were held as Treasury shares (30 June 2008: 11m; 31 March 2008: 11m; 30 September 2007: 10m) and 510m shares were in free issue (30 June 2008: 509m; 31 March 2008: 509m; 30 September 2007: 509m). 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 £472m 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 second interim dividend of 9.375 pence per share, totalling £48m, was approved by the Board on 18 November 2008 and is payable on 13 February 2009 to shareholders on the register at the close of business on 14 January 2009. The dividend will consist of two components: a property income distribution (PID) as required by REIT legislation of 2 pence per share and a non-PID of 7.375 pence per share. The PID element of the dividend 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 first interim dividend of 9.375 pence per share, totalling £48m, is payable on 14 November 2008.

The reconciliation of movements in shareholders' funds shows total dividends paid in the six month period to 30 September 2008 of £89m being the third 2008 interim dividend of £45m (8.75 pence per share) paid on 19 May 2008 and the 2008 final dividend of £44m (8.75 pence per share) paid on 15 August 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
Six months ended 30 September								
Revenue	**136**	180	**144**	188	**12**	18	**292**	386
Net rental income	**117**	112	**121**	157	**10**	13	**248**	282
Segment assets	**4,469**	6,066	**5,369**	8,379	**913**	1,347	**10,751**	15,792
Capital expenditure	**238**	342	**32**	60	-	16	**270**	418
Three months ended 30 September								
Revenue	**64**	75	**70**	91	**6**	8	**140**	174
Net rental income	**56**	56	**60**	79	**5**	6	**121**	141
Capital expenditure	**101**	99	**16**	25	-	16	**117**	140

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 June 2008, 31 March 2008, 30 September 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. Basis of preparation

The financial information for the period ended 30 September 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 18 November 2008.

Table A

Summary income statement based on proportional consolidation for the period ended 30 September 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 £m		Three months ended 30 September 2008 £m	Three months ended 30 June 2008 £m	Six months ended 30 September 2008 £m	Six months ended 30 September 2007 £m
709	**Gross rental income**	**162**	169	**331**	355
667	**Net rental income**	**155**	162	**317**	334
40	Fees and other income	**5**	5	**10**	29
(73)	Administrative expenses	**(16)**	(17)	**(33)**	(41)
(350)	Net interest costs	**(74)**	(76)	**(150)**	(179)
284	**Underlying profit before taxation**	**70**	74	**144**	143
9	Debt refinancing items				9
(1,916)	Net valuation movement (includes profits and losses on disposal)	**(821)**	(651)	**(1,472)**	(207)
(15)	Amortisation of intangible assets	**(3)**	(4)	**(7)**	(5)
30	Songbird Estates plc dividend (capital)				30
(3)	Goodwill impairment				(2)
(1,611)	**Loss on ordinary activities before taxation**	**(754)**	(581)	**(1,335)**	(32)
(8)	Tax charge relating to underlying profit	**(3)**	(1)	**(4)**	(6)
47	Deferred tax	**12**	11	**23**	34
9	Other taxation	**(2)**	6	**4**	2
(1,563)	**Loss for the period after taxation**	**(747)**	(565)	**(1,312)**	(2)
53p	**Underlying earnings per share - diluted basis**	**13 p**	14 p	**27 p**	26 p

The underlying earnings per share is calculated on underlying profit before taxation of £144m, tax attributable to underlying profits of £4m and 511m shares on a diluted basis, for the six months ended 30 September 2008, and underlying profit before taxation of £70m, tax attributable to underlying profits of £3m and 512m shares on a diluted basis, for the three months ended 30 September 2008.

Table A (continued)

Summary balance sheet based on proportional consolidation as at 30 September 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		**30 September 2008 £m**	30 September 2007 £m	30 June 2008 £m
7,661	Retail properties	**6,829**	9,429	7,202
5,505	Office properties	**4,468**	6,067	4,771
305	Other properties	**274**	414	315
13,471	Total properties	**11,571**	15,910	12,288
197	Other investments	**122**	237	180
39	Intangible assets	**33**	45	36
(358)	Other net liabilities	**(407)**	(373)	(411)
(6,413)	Net debt	**(5,926)**	(7,123)	(5,841)
6,936	EPRA NAV (note 1)	**5,393**	8,696	6,252
1344 p	**EPRA NAV per share (note 1)**	**1043** p	1682 p	1212 p
	Total property valuations including share of funds and joint ventures			
10,469	**British Land Group**	**8,758**	13,199	9,398
	Share of funds and joint ventures			
2,889	Investment properties	**2,706**	2,630	2,777
119	Development properties	**113**	87	119
(6)	Head lease liabilities	**(6)**	(6)	(6)
3,002		**2,813**	2,711	2,890
13,471	**Total property portfolio valuation**	**11,571**	15,910	12,288
	Calculation of EPRA NNNAV per share			
6,936	EPRA NAV	**5,393**	8,696	6,252
(102)	Deferred tax arising on revaluation movements	**(63)**	(134)	(85)
3	Mark to market on effective cash flow hedges and related debt adjustments	**2**	108	136
582	Mark to market on debt	**802**	350	674
7,419	EPRA NNNAV	**6,134**	9,020	6,977
1438 p	**EPRA NNNAV per share**	**1186 p**	1745 p	1352 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 half-yearly financial report for the six months ended 30 September 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 11. We have read the other information contained in the half-yearly 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 half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdoms' Financial Services Authority. As disclosed in note 11, 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 interim 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 half-yearly 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 half-yearly financial report for the six months ended 30 September 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 & Touche LLP
Chartered Accountants and Registered Auditor
18 November 2008
London