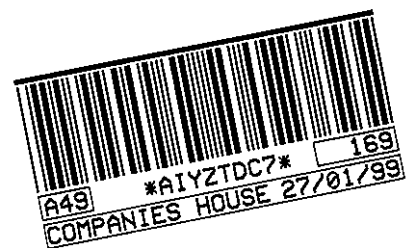


BL (SP) INVESTMENT (3) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

**For the year ended
31ST MARCH 1998**

Company Number: 2446636



BL (SP) INVESTMENT (3) LIMITED

REPORT OF THE DIRECTORS
for the year ended 31st March 1998

The directors submit their report and accounts for the year ended 31st March 1998.

Principal Activity

The principal activity of the Company is that of the holding of investments.
The Company did not trade during the year.

Review of the Business

The activities and prospects of this and other group companies are reviewed in the Chairman's Statement and Operating and Financial Review of The British Land Company PLC, the ultimate holding company.

Directors and their Interests in Share Capital

The directors who served during the year were:

C. Metliss	
D.C. Berry	(Resigned 10th October 1997)
N.S.J. Ritblat	(Resigned 10th October 1997)
C.M.J. Forshaw	

No director held any beneficial interest in the share capital of the Company. Messrs. C. Metliss, D.C. Berry and N.S.J. Ritblat are also directors of The British Land Company PLC and, as such, their interests in the share and loan capital of that company are shown in its remuneration committee's report. The beneficial interests of Mr C.M.J. Forshaw in the ultimate holding company are as follows:-

Fully paid ordinary shares		Options over ordinary shares		Sharesave		Rights to 6% Irredeemable Convertible Bonds Under Restricted Share Plan (£ nominal)	
		1984 Option Scheme		Scheme			
<u>31.3.98</u>	<u>1.4.97</u>	<u>31.3.98</u>	<u>1.4.97</u>	<u>31.3.98</u>	<u>1.4.97</u>	<u>31.3.98</u>	<u>1.4.97</u>
3,252	1,897	25,000	25,000	1,792	-	20,000	-

C.M.J. Forshaw was granted options over 1,792 shares during the year.

Dividends

No dividend is recommended.

BL (SP) INVESTMENT (3) LIMITED

**REPORT OF THE DIRECTORS
for the year ended 31st March 1998**

Statement of Directors' Responsibilities

The directors are required to prepare financial statements which comply with the Companies Act 1985, on a going concern basis (unless inappropriate) and which give a true and fair view of the state of affairs of the Company as at the end of the financial year.

In preparing these financial statements suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and applicable accounting standards have been followed.

The directors are also responsible for ensuring that proper and adequate accounting records have been maintained and that reasonable procedures have been followed for safeguarding the assets of the Company and of the Group and for preventing and detecting fraud and other irregularities.

This report was approved by the Board on 25th September 1998.

A. Braine

A handwritten signature in black ink, appearing to read 'A Braine', with a stylized flourish at the end.

Secretary

10 Cornwall Terrace
Regent's Park
London NW1 4QP

BL (SP) INVESTMENT (3) LIMITED

**BALANCE SHEET
at 31st March 1998**

	<u>Note</u>	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
Current assets			
Amounts owed by group companies			
- current account		2	2
		<u> </u>	<u> </u>
Capital and reserves			
Called up share capital	2	2	2
		<u> </u>	<u> </u>

The company was dormant (within the meaning of Section 250 of the Companies Act 1985) throughout the year ended 31st March 1998.

The accounts were approved by the Board on 25th September 1998.

C.M.J. Forshaw

Director



BL (SP) INVESTMENT (3) LIMITED

**NOTES TO THE ACCOUNTS
for the year ended 31st March 1998**

1 Accounting policies

Accounting basis

The accounts are prepared in accordance with applicable Accounting Standards and under the historical cost convention .

2 Share capital

	<u>Authorised</u>		<u>Allotted and fully paid</u>	
	<u>1998</u> <u>no.</u>	<u>1997</u> <u>no.</u>	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
Ordinary shares of £1 each	1,000	1,000	2	2
	=====	=====	=====	=====

3 Ultimate holding company

The ultimate holding company is The British Land Company PLC and the immediate holding company is BL (SP) Properties PLC, both of which are registered in England and Wales. Group accounts for these companies are available on request from 10 Cornwall Terrace, Regent's Park, London NW1 4QP.