

Corporate Governance

Statement of compliance with the Code of Best Practice

The Company has complied throughout the year with the Provisions of the Code of Best Practice set out in section 1 of the Combined Code.

Board effectiveness

The directors listed on page 47 constituted the Board throughout the year except that Mr D Michels and Dr C Gibson-Smith were appointed on 1 January 2003. The Board has a regular schedule of meetings together with further meetings as required by the ongoing business of the Company. There is a formal schedule of matters reserved for Board decision.

Attendance at Board Meetings

Mr J H Ritblat	7
Mr D A Higgs	8
Mr C Metliss	7
Mr J H Weston Smith	8
Mr N S J Ritblat	8
Mr M J Cassidy	8
Mr R E Bowden	8
Mr R W A Swannell	7
The Lord Burns	8
Mr G C Roberts	8
Dr C Gibson Smith*	2
Mr D Michels*	2

There were eight meetings during the year.

*Three meetings held since appointment to the Board on 1 January 2003.

As required for Combined Code compliance in companies where the chairman and managing director roles are combined, there is a clear division of responsibilities at the head of the Company as shown in the details of directors on page 47, and a strong and independent non-executive element on the Board. The Audit and Remuneration Committees are entirely composed of independent non-executive directors. The Nomination Committee which is responsible for making recommendations to the Board on all new Board appointments consists of the six non-executive directors together with Mr John Ritblat and Mr Weston Smith. Mr Higgs is Deputy Chairman and Chairman of the Remuneration Committee. Dr Gibson-Smith is the Senior non-executive director and is Chairman of the Nomination Committee. Lord Burns is Chairman of the Audit Committee.

The roles of Chairman and Chief Executive will be split not later than the time of the 2004 Annual General Meeting. It is the Board's intention to appoint a Chief Executive after a search process conducted by the Nomination Committee, which will include internal and external candidates. Mr John Ritblat will continue as Chairman for a period after the appointment of the Chief Executive to ensure the orderly succession and management of the Company.

Attendance at Nomination Committee

Mr J H Ritblat	2
Mr D A Higgs	2
Mr J H Weston Smith	2
Mr M J Cassidy	2
Mr R W A Swannell	2
The Lord Burns	2
Dr C Gibson Smith*	1
Mr D Michels*	1

There were two meetings during the year.

*One meeting held since appointment to the Committee on 24 March 2003

Under the Articles of Association of the Company, each director retires at the third annual general meeting after the general meeting at which he was last elected.

Non-executive Directors

The Board considers that Mr Higgs, Mr Cassidy, Mr Swannell, the Lord Burns, Mr Michels and Dr Gibson-Smith are independent non-executive directors. Dr Gibson-Smith and Mr Michels are proposed for re-election by shareholders having been appointed during the year. Their details are set out on page 47.

Remuneration Policy and Committee

Details of the Group remuneration policy are set out in the Remuneration Report on pages 42 to 46.

Attendance at Remuneration Committee

Mr M J Cassidy*	3
Mr D A Higgs	4
Mr R W A Swannell*	3
The Lord Burns	3
Dr C Gibson Smith**	1
Mr D Michels**	1

There were four meetings during the year.

* Three meetings held during Committee membership to 24 March 2003

**One meeting held since appointment to the Committee on 24 March 2003

Investor Relations

The Company values its dialogue with both institutional and private investors and has a proactive approach to its relationship with them. There is a regular two-way communication with investors and analysts as well as presentations after the interim and preliminary results and site visits.

The website www.britishland.com enables all shareholders to access the results presentations and detailed information on the Company and its portfolio.

Shareholders are invited to write in to the Chairman (or any other Director) and express their views on any issues of concern at any time. Shareholders can also attend the Annual General Meeting (AGM) at which they have an opportunity to ask questions and the Chairman presents a review of the results and the current business activity. The Chairmen of the Audit, Nomination and Remuneration committees are also available at AGMs to take any relevant questions.

Going concern

After making enquiries and examining major areas which could give rise to significant financial exposure, the directors are satisfied that no material or significant exposures exist other than as reflected in these financial statements and that the Group has adequate resources to continue its operations for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

Statement of Directors' responsibilities

The directors are required to prepare financial statements which comply with the Companies Act 1985 on a going concern basis (unless inappropriate) and which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The directors are also responsible for the Group's system of internal controls, which is designed to meet the Group's particular needs and the risks to which it is exposed.

Auditors and Valuers

The Audit Committee meets with the auditors at least three times a year to discuss with them the scope and conclusions of their audit. The Committee is specifically charged under its terms of reference with considering matters relating to the audit appointment, the independence and objectivity of the auditors, and reviewing the results and effectiveness of the audit.

Attendance at Audit Committee

Mr R W A Swannell*	2
Mr D A Higgs*	2
Mr M J Cassidy*	2
The Lord Burns	3
Dr C Gibson Smith**	1
Mr David Michels**	1

There were three meetings during the year.

* Two meetings held during Committee membership to 24 March 2003

**One meeting held since appointment to Committee on 24 March 2003

With respect to other services, provided by the auditors the following framework is in place:

- Audit related services – the auditors are one of a number of firms providing audit related services, which include formal reporting relating to borrowings, shareholder and other circulars and various other regulatory reports and work in respect of acquisition and disposals. Where they must carry out the work because of their office or are best placed to do so, the auditors are selected. In other circumstances the selection depends on which firm is best suited;
- Tax Advisory – The auditors are one of a number of firms that provide tax advisory services, including the preparation and submission of tax returns. The selection depends on who is best suited in the circumstances;
- General Consulting – the auditors do not provide general consultancy services except in rare circumstances, and then only after consideration that they are best placed to provide the service and that their independence and objectivity would not be compromised.

An analysis of fees paid to the auditors is set out on page 69.

The Company employs ATIS REAL Weatheralls (formerly Weatherall Green & Smith) as External Valuers to provide an independent valuation for accounting purposes of the Group's properties and their report for the wholly owned properties is produced on page 59. CB Richard Ellis BV and Jones Lang Lasalle value the Group's overseas properties, FPD Savills value certain residential properties. The instructions to ATIS REAL Weatheralls are in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors and appear at page 61. ATIS REAL Weatheralls do not act in any other material capacity for British Land and their fees for other services are less than 10% of their fees for valuation services.

The arrangements with auditors and valuers have been approved by the Audit Committee and are regularly reviewed in the light of changing requirements and best practice.