

**Management, Governance,
Corporate Social Responsibility**



Remuneration Report

Unaudited information

Until 24 March 2003 the Remuneration Committee consisted of Mr Michael Cassidy, Mr Derek Higgs, Lord Burns and Mr Robert Swannell. On that date the Committee was reconstituted as follows: Mr Derek Higgs, Chairman of the Remuneration Committee, Lord Burns, Dr Christopher Gibson-Smith and Mr David Michels.

The Remuneration Committee took advice during the year from Mr John Ritblat, Mr John Weston Smith, Mr Anthony Braine and from Hewitt Bacon & Woodrow. The Remuneration Committee appointed Hewitt Bacon & Woodrow as adviser to the Committee. In addition Hewitt Bacon & Woodrow acts as actuary to the British Land Group Final Salary Pension Scheme and gives advice on share scheme and personnel policy matters to the Company.

Statement of Company's Policy on directors' remuneration

The Company has developed over the years a policy that involves each director having a remuneration package consisting of several remuneration components. The fixed part of the package is a combination of basic salary and benefits. In addition, the Company has an annual incentive plan and a long-term incentive plan. The policy is tailored to support the strategic objective of delivering long-term value to shareholders.

i Basic salary and benefits

Basic salary and benefits in kind for each executive director are reviewed annually by the Remuneration Committee and take into account individual responsibility, experience and performance as well as the market-place for similar positions in comparable companies. Benefits normally include the provision of a car, fuel, private medical insurance and permanent health insurance. Pensions are provided under approved and unapproved schemes. The aim has been to provide executives with at least 20 years service at age 60 with benefits equivalent to a pension at that age of two-thirds of basic salary less the single person's basic state pension. The Company policy will need to be reviewed if the Inland Revenue proposed changes to pensions set out in the Green Paper of December 2002 are enacted.

ii Annual incentive plan

The annual incentive plan consists of a cash bonus payable to executive directors reflecting the individual's contribution to the Company during the preceding year and team performance. Target award levels are 40% of base salary for above satisfactory performance and 75% of salary for outstanding performance. The awards are not contractual and are not pensionable. In assessing corporate performance the Remuneration Committee looks at a number of performance measures as appropriate to the particular year. All of the performance measures are consistent with the long-term growth of the net asset value of the Company.

iii Long-term incentives

The long-term incentive plans that have been used are an Executive Share Option Scheme and a Restricted Share Plan.

Under the Executive Share Option Scheme, market value options are granted at the discretion of the Committee. Options may become exercisable after three years (or five years in certain cases), dependent on the performance target being met. The performance target, agreed following consultation with the Association of British Insurers and the National Association of Pension Funds, requires growth in net asset value per share over a rolling three year period equal to or exceeding the growth in the capital growth component of the Investment Property Databank annual Index. No options have been granted under this scheme since 1996.

Under the Restricted Share Plan, executives and directors are granted provisional interests in securities of the Company that vest according to performance against a target, agreed following consultation with the Association of British Insurers and the National Association of Pension Funds, which requires growth in net asset value per share over a rolling three year period equal to or exceeding the growth in the capital growth component of the Investment Property Databank annual Index. There is a stepped incentive scale in bands of achievement as follows:

| Percentage by which British Land's average annual Net Asset Value Growth per share exceeds the average annual increase in the capital growth component of the Investment Property Databank annual Index | Relevant Percentage to be applied to number of ordinary shares provisionally granted |
|---|--|
| 5% or more | 150% |
| 4% or more but less than 5% | 125% |
| 3% or more but less than 4% | 100% |
| 2% or more but less than 3% | 75% |
| 1% or more but less than 2% | 50% |
| 0% or more but less than 1% | 25% |
| Less than 0% | 0% |

The Committee reviews these performance conditions on a regular basis to ensure that they are both sufficiently stretching and that they remain relevant to the Company's strategic objectives.

The following summarises the annual package and relative importance for an index base salary of 100 for each executive director.

| | |
|----------|-------------|
| Salary | 100 |
| Benefits | 10 |
| Bonuses | up to 40-75 |

In addition annual grants under the long-term incentive plan are targeted at 100-150.

Messrs Bowden, Nicholas Ritblat and Roberts also receive pension benefits as set out on page 46.

Performance measure for current long-term incentives

The Company has given much thought as to the most appropriate performance measure to use to align the interest of the executive with that of the Company, and to strengthen links between individual and shareholder interests.

The Company considers that the most relevant measure of success in determining whether its strategy has been achieved is by reference to growth in net asset value per share.

In benchmarking performance the Company compares its net asset value per share performance with the capital growth component of the Investment Property Databank annual Index. The Investment Property Databank Index contains the greatest number of properties similar in nature to those in which the Company invests. It is the standard benchmark for investors to analyse the performance of property in the UK market and thus provides a straightforward and well recognised comparison. The Company is geared whilst the index is not and therefore stretching out-performance is required for the entire award to vest.

Hewitt Bacon & Woodrow undertakes the measurement of performance and submits a report to the Company showing the results for each specific award.

Directors' contracts

The general policy of the Company is to have service contracts with notice periods of one year. However, it is sometimes necessary when recruiting a new director to give a service contract with an initial term of longer than one year. In such circumstances it is the policy of the Company that the notice period should reduce to one year after an initial period of service.

The Company applies the principle of mitigation in the event of early termination of service contracts.

Mr John Ritblat, Mr Metliss, Mr Weston Smith and Mr Bowden do not have service contracts with the Company.

Mr Nicholas Ritblat has a service contract dated 12 November 1991 and amended by side letters dated 9 June 1997 and 29 May 2002. It is a rolling contract providing for one year's notice.

Mr Roberts joined the Company in January 2002 as an executive director under a service contract dated 19 November 2001. Mr Roberts' service contract provided on his appointment as a director for 12 months' notice to expire on or any time after 1 January 2005.

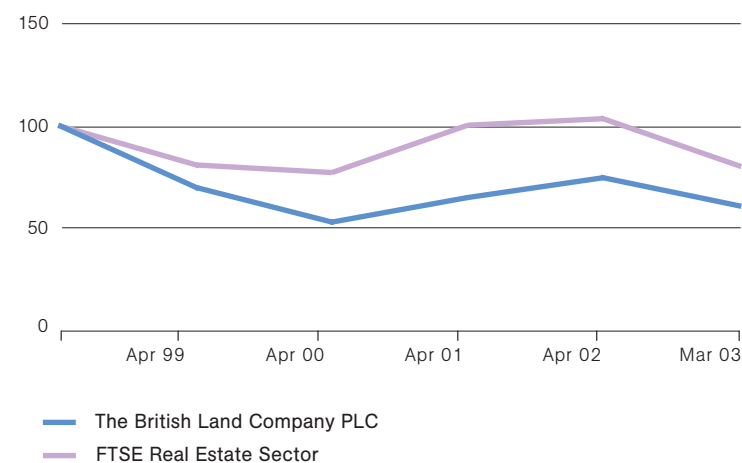
There are no further provisions for compensation payable on termination of service contracts of directors. There has been no compensation paid to departing directors during the year.

Performance Graph

The graph below is prepared in accordance with The Directors' Remuneration Report Regulations 2002. It shows the Company's total return and that of the FTSE Real Estate Sector Total Return Index for the five years from 1 April 1998 to 31 March 2003.

The FTSE Real Estate Sector Index was chosen because that is where the shares of the Company are classified. Hewitt Bacon & Woodrow prepared the graph based on underlying data provided by Datastream.

The British Land Company PLC Total Return Index vs FTSE Real Estate Sector Total Return Index (Rebased 1 April 1998) for the 5 years ending 31 March 2003



Non-executive Directors

The remuneration of the non-executive directors is a matter for the executive members of the Board. Their remuneration comprises a standard director's fee, a fee for additional responsibilities and an attendance fee based on the number of meetings attended during the year. The remuneration provided takes into account the level of responsibility, experience and abilities required and the marketplace for similar positions in comparable companies.

Audited information

Directors' emoluments

| | Salary £ | Annual Bonus £ | Benefits £ | 2003 Total £ | Salary £ | Annual Bonus £ | Benefits £ | 2002 Total £ |
|--------------------|------------------|----------------------|----------------|------------------|-------------|----------------------|---------------|-----------------|
| J. H. Ritblat | 776,500 | 450,000 | 20,396 | 1,246,896 | 697,250 | 550,000 | 19,526 | 1,266,776 |
| C. Metliss | 201,950 | 100,000 | 26,605 | 328,555 | 201,950 | 150,000 | 22,156 | 374,106 |
| J. H. Weston Smith | 351,500 | 100,000 | 24,145 | 475,645 | 331,500 | 150,000 | 22,728 | 504,228 |
| N. S. J. Ritblat | 321,500 | 125,000 | 21,224 | 467,724 | 265,500 | 100,000 | 20,772 | 386,272 |
| M. J. Cassidy | 30,000 | | | 30,000 | 29,569 | | | 29,569 |
| R. E. Bowden | 301,500 | 60,000 | 34,264 | 395,764 | 251,500 | 75,000 | 14,836 | 341,336 |
| R. W. A. Swannell* | 30,000 | | | 30,000 | 29,569 | | | 29,569 |
| D. A. Higgs | 35,000 | | | 35,000 | 33,461 | | | 33,461 |
| Lord Burns | 27,500 | | | 27,500 | 27,141 | | | 27,141 |
| G. C. Roberts | 232,125 | 140,000 | 16,875 | 389,000 | 56,625 | | 4,606 | 61,231 |
| D. Michels | 6,875 | | | 6,875 | | | | |
| C. Gibson-Smith | 6,875 | | | 6,875 | | | | |
| | 2,321,325 | 975,000 | 143,509 | 3,439,834 | 1,924,065 | 1,025,000 | 104,624 | 3,053,689 |

*Fees in respect of Mr Swannell's services are paid to Citigroup.

Directors' emoluments reflect all amounts payable in relation to services provided during that year. Bonuses were previously disclosed in the year in which they were paid.

Directors and their interests in share and loan capital

Beneficial interests of the Directors in the share and loan capital of the Company.

| | Fully Paid Ordinary Shares | | 6% Irredeemable Convertible Bonds (£ nominal) | | Options over Ordinary Shares | | | | Rights under Restricted Share Plan Ordinary Shares | |
|--------------------|-------------------------------|------------------|---|------------------|------------------------------|------------------|--------------------|------------------|--|------------------|
| | | | | | Sharesave Scheme | | 1984 Option Scheme | | | |
| | 31 March 2002 | 31 March 2003 | 31 March 2002 | 31 March 2003 | 31 March 2002 | 31 March 2003 | 31 March 2002 | 31 March 2003 | 31 March 2002 | 31 March 2003 |
| J. H. Ritblat | 2,307,754 | 2,472,716 | | | 4,753 | 4,753 | 295,783 | 295,783 | 411,943 | 444,018 |
| C. Metliss | 111,776 | 113,332 | | | 4,753 | 4,753 | | | | |
| J. H. Weston Smith | 88,170 | 134,726 | | | 4,753 | 4,753 | 150,283 | 150,283 | 205,971 | 212,574 |
| N. S. J. Ritblat | 17,634 | 80,449 | 374,250 | 374,250 | 3,554 | 2,463 | 59,201 | 59,201 | 215,971 | 203,140 |
| M. J. Cassidy | 5,000 | 14,500 | | | | | | | | |
| R. E. Bowden | 38,246 | 75,802 | 81,250 | 81,250 | 2,427 | 2,427 | 184,250 | 184,250 | 195,971 | 212,574 |
| R. W. A. Swannell | 3,750 | 3,750 | | | | | | | | |
| Lord Burns | 1,505 | 2,767 | | | | | | | | |
| D. A. Higgs | 5,652 | 6,874 | | | | | | | | |
| G. C. Roberts | 10,000 | 11,556 | | | | | | | 75,000 | 122,169 |

On 8 April 2003 Mr Higgs and Lord Burns were each allotted 376 fully paid 25p ordinary shares and Dr Gibson-Smith was allotted 1,034 shares, all in satisfaction of directors' fees for the quarter ended 31 March 2003. The shares allotted were priced at the middle market quotation at close of business on 3 April 2003, which was 398.75p.

Directors' options and Restricted Share Plan interests by date of grant and exercise price

(i) 1984 Share Option Scheme

Beneficial interests of the Directors under the Company's 1984 Share Option Scheme in Ordinary Shares of the Company.

| Date Granted | Exercise Price p | Earliest Exercise Date | Expiry Date | J. H. Ritblat | | J. H. Weston Smith | | N. S. J. Ritblat | | R. E. Bowden | |
|-----------------|------------------------|------------------------------|----------------|-----------------|------------------|--------------------|------------------|------------------|------------------|-----------------|------------------|
| | | | | 1 April 2002 | 31 March 2003 | 1 April 2002 | 31 March 2003 | 1 April 2002 | 31 March 2003 | 1 April 2002 | 31 March 2003 |
| 06.07.94 | 380 | 06.07.97 | 05.07.04 | | | | | | | 60,600 | 60,600 |
| 06.07.94 | 322 | 06.07.99 | 05.07.04 | | | | | | | 20,200 | 20,200 |
| 06.07.94 | 380 | 06.07.97 | 05.07.04 | | | | | | | 20,200* | 20,200* |
| 23.01.96 | 394 | 23.01.99 | 22.01.06 | 132,418 | 132,418 | 60,092 | 60,092 | 11,244 | 11,244 | 103,450 | 103,450 |
| 23.01.96 | 394 | 23.01.01 | 22.01.06 | 163,365 | 163,365 | 90,191 | 90,191 | 47,957 | 47,957 | | |
| | | | | 295,783 | 295,783 | 150,283 | 150,283 | 59,201 | 59,201 | 184,250 | 184,250 |

No options were granted to or were exercised by Directors under the 1984 Share Option Scheme during the year.

*These options are linked to corresponding grants of options. Accordingly the exercise of one linked option over a number of shares automatically causes its counterpart to lapse in respect of the same number of shares; therefore these options do not increase the total number of shares under option. The totals in the table reflect the number of shares under option. All new grants of options are subject to a performance target which has been approved by the Association of British Insurers and the National Association of Pension Funds. The middle market quotation for the Ordinary 25p shares of the Company at the close of business on 31 March 2003 was 410.75p. The highest and lowest middle market quotations during the year to 31 March 2003 were 628.5p and 403p.

(ii) Sharesave Scheme

Beneficial interests of the Directors under the Company's Sharesave Scheme in Ordinary Shares of the Company.

| Date Granted | Price p | First Exercise Date | Expiry Date | J. H. Ritblat | | C. Metliss | | J. H. Weston Smith | | N. S. J. Ritblat | | R. E. Bowden | |
|--------------|---------|---------------------|-------------|---------------|---------------|--------------|---------------|--------------------|---------------|------------------|---------------|--------------|---------------|
| | | | | 1 April 2002 | 31 March 2003 | 1 April 2002 | 31 March 2003 | 1 April 2002 | 31 March 2003 | 1 April 2002 | 31 March 2003 | 1 April 2002 | 31 March 2003 |
| 01.03.99 | 355 | 01.03.02 | 31.08.02 | | | | | | | 1,091 | | | |
| 01.03.99 | 355 | 01.03.04 | 31.08.04 | 4,753 | 4,753 | 4,753 | 4,753 | 4,753 | 4,753 | | | | |
| 01.09.01 | 399 | 01.09.04 | 28.02.05 | | | | | | | 1,456 | 1,456 | 2,427 | 2,427 |
| 01.03.02 | 377 | 01.03.05 | 31.08.05 | | | | | | | 1,007 | 1,007 | | |
| | | | | 4,753 | 4,753 | 4,753 | 4,753 | 4,753 | 4,753 | 3,554 | 2,463 | 2,427 | 2,427 |

The directors' participation in the Company's sharesave scheme, which is not subject to performance criteria, is considered appropriate because the scheme is open to all employees with over two years of service.

On 22 July 2002 Mr N S J Ritblat exercised his option over 1,091 shares at an option price of 355p per share. The middle market quotation for the Ordinary 25p shares of the Company on 22 July 2002 was 530p, realising a notional gain of 175p per share, as he continues to hold these shares.

(iii) Restricted Share Plan

Beneficial interests of the Directors under the Company's Restricted Share Plan in the Ordinary Shares of the Company.

| | J. H. Ritblat | J. H. Weston Smith | N. S. J. Ritblat | R. E. Bowden | G. C. Roberts |
|------------------------------------|----------------|--------------------|------------------|----------------|----------------|
| 01.09.99 Grant | 100,000 | 50,000 | 60,000 | 40,000 | |
| 08.12.00 Grant | 150,000 | 75,000 | 75,000 | 75,000 | |
| 22.06.01 Grant | 161,943 | 80,971 | 80,971 | 80,971 | |
| 09.01.02 Grant | | | | | 75,000 |
| 23.07.02 Grant | 132,075 | 56,603 | 47,169 | 56,603 | 47,169 |
| 02.09.02 Grant* | 50,000 | 25,000 | 30,000 | 20,000 | |
| 02.09.02 Release* | (150,000) | (75,000) | (90,000) | (60,000) | |
| 31.03.03 Total | 444,018 | 212,574 | 203,140 | 212,574 | 122,169 |
| Distribution in year to 31.03.02 | £324,822 | £162,411 | £127,211 | £111,288 | £2,850 |
| Distribution in year to 31.03.03** | £774,793 | £386,198 | £456,841 | £314,358 | £15,515 |

*These items represent the vesting of the awards made on 1st September 1999 at 150% of their original nominal value on outperformance of the performance target set.

**The amounts distributed in the year to 31 March 2003 represent the market value of the grant which vested on 2 September 2002 together with dividends arising on the beneficial interests for the year ended 31 March 2003. The release on 2 September 2002 of the shares granted on 1 September 1999 at 150% of their original nominal value was subject to tax at 40%, on their market value at vesting. In order to meet their tax liabilities certain directors sold a number of these released ordinary 25p shares on 2 September 2002 as follows: Mr Weston Smith sold 30,000 shares, Mr N S J Ritblat sold 36,000 shares and Mr Bowden sold 24,000 shares. The middle market quotation of the ordinary 25p shares of the Company on 2 September 2002 was 469p.

Upon vesting shares are transferred out of the British Land Share Ownership Plan (the Trust), a discretionary trust established to facilitate the operation of the incentive schemes. The trustees of the Trust purchase the Company's ordinary shares in the open market and rights to dividends on shares held by the Trust are payable in accordance with their awards to employees participating in the Company's restricted share plan.

The number and market value of the ordinary shares held by the Trust at 31 March 2003 was 2,871,742 (2002: 2,459,917) and £11,795,680 (2002: £12,730,070) respectively. The cost of these shares and any associated expenses have been charged to the profit and loss account in the year of purchase.

Directors' pension benefits for the year

Three executive directors, Mr N S J Ritblat, Mr Bowden and Mr Roberts, earned pension benefits in The British Land Group of Companies Approved Final Salary Pension Scheme during the year. Mr Bowden's and Mr Roberts' benefits from the tax approved scheme are restricted by the earnings cap and they are, therefore, entitled to benefit from the Company's Funded Unapproved Retirement Benefit Scheme (FURBS). The benefits provided by the FURBS are defined lump sums.

Non-executive directors do not participate in any Company sponsored pension arrangement.

In consequence of the new Directors' Remuneration Report Regulations 2002, company accounts are subject to two sets of disclosure requirements in relation to directors' pensions rather than one. The extended Companies Act 1985 requirements have to be observed in addition to, not in place of, the current UK Listing Authority requirements. The requirements differ slightly and these Regulations are expected to remain in force for the next 2 or 3 years. The two tables shown below provide the details of the directors' pensions necessary to satisfy the two sets of requirements.

The pension benefits earned during the year by Mr Ritblat, Mr Bowden and Mr Roberts were as follows:

Companies Act 1985 Disclosure Requirements

| Name | Age at year end | Additional pension earned during the year £ pa | Accrued pension entitlement at year end £ pa | Transfer value of accrued pension at start of year £ | Transfer value of accrued pension at year end £ | Increase in transfer value less director's contributions paid during the year* £ | Increase in accrued FURBS lump sum entitlement during the year £ | Total accrued FURBS lump sum entitlement at year end £ |
|------------------|-----------------|---|---|---|--|---|---|---|
| N. S. J. Ritblat | 41 | 21,700 | 93,100 | 514,500 | 739,800 | 225,300 | | |
| R. E. Bowden | 59 | 2,500 | 22,900 | 339,100 | 437,300 | 98,200 | 133,500 | 435,000 |
| G. C. Roberts | 44 | 3,300 | 4,100 | 6,700 | 37,600 | 30,900 | 74,900 | 92,900 |

*see note (3b)

UK Listing Authority Disclosure Requirements

| Name | Age at year end | Increase in accrued pension during the year (in excess of inflation) £ pa | Total accrued pension entitlement at year end £ pa | Transfer value of additional pension earned less director's contributions paid during the year* £ | Increase in accrued FURBS lump sum entitlement during the year (in excess of inflation) £ | Total accrued FURBS lump sum entitlement at year end £ | Premiums paid in respect of life cover £ |
|------------------|-----------------|--|---|--|--|---|---|
| N. S. J. Ritblat | 41 | 20,500 | 93,100 | 162,600 | | | 1,450 |
| R. E. Bowden | 59 | 2,100 | 22,900 | 40,500 | 128,400 | 435,000 | 9,100 |
| G. C. Roberts | 44 | 3,200 | 4,100 | 30,100 | 74,600 | 92,900 | 2,700 |

*see note (3b)

Notes:

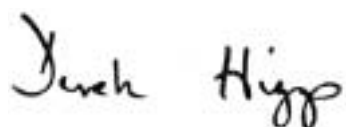
- 1 The pension entitlement shown is that which would be paid annually on retirement at age 60 based on service to the end of the year. The total accrued FURBS lump sum entitlement shown is that which would be paid, on retirement at age 60 based on service to the end of the year.
- 2 Members of the scheme have the option to pay Additional Voluntary Contributions. Neither the contributions nor the resulting benefits are included in the above table.
- 3 The following is additional information relating to directors' pensions for those included in the above table:
Main Scheme
 - a Normal retirement age for pension arrangements is age 60.
 - b Members of the scheme were not required to pay contributions during the year.
 - c Retirement may take place at any age after 50 subject to the consent of both the Company and the Trustees of the pension scheme. Pensions are reduced to allow for their earlier payment.
 - d On death in service, the arrangement provides a capital sum equal to four times salary and a spouse's pension of two-thirds of the member's prospective pension at age 60. If a member is granted a deferred pension, a spouse's pension of two-thirds of the member's accrued pension is payable on death before or after retirement. These pensions are paid throughout the spouse's lifetime or until the youngest child reaches age 18, if later.

- e Pensions are guaranteed to increase each year in line with the increase in the Retail Prices Index (RPI) subject to a maximum of 5%. The Trustees may grant additional discretionary increases subject to the consent of the Company. Statutory increases apply to pensions during deferment.
- f The transfer values have been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11.
- g Transfer value calculations allow for discretionary pension increases such that, in aggregate, pension increases in line with increases in the RPI are valued.

FURBS

- a Normal retirement age for pension arrangements is age 60.
- b Retirement may take place at any age after 50 subject to the Company's consent. Benefits are reduced to allow for their earlier payment.
- c On death in service top up lump sums are provided so that, in aggregate, the payee receives broadly the same value of benefits (net of tax) as if the earnings cap did not apply. On death in deferment if a spouse's or dependant's pension is payable from the main scheme a lump sum of two-thirds of the member's accrued lump sum is also payable.
- d In deferment accrued lump sums are increased in line with statutory increases on pensions in deferment.

This report was approved by the Board on 27 May 2003.



Chairman of the Remuneration Committee