

# Report of the Directors

The directors submit their Report and Accounts for the year ended 31 March 2003.

## Results and dividends

The results for the year are set out in the Consolidated Profit and Loss Account on page 64.

The directors recommend the payment of a final dividend of 9.3 pence per share payable on 22 August 2003 to Ordinary Shareholders on the register at the close of business on 25 July 2003.

## Activities

The Group operates in the fields of property investment and development, finance and investment.

## Review of business and prospects

Development of the Group's activities and its prospects are reviewed in the Chairman's Statement and the Financial and Property Review on pages 5 to 40.

## Properties

Changes in properties during the year and details of property valuations at 31 March 2003 are shown in Note 11 to the financial statements on page 73.

## Purchase of own shares

The Company was granted authority at the Annual General Meeting in 2002 to purchase its own shares up to a total aggregate value of 10% of the issued nominal capital. That authority expires at this year's Annual General Meeting and a resolution will be proposed for its renewal. Details of the Company's purchases of its own shares during the year are shown on page 84. These share purchases have enhanced net asset value.

## Directors' interests in contracts

Except as stated in Note 25 on page 85, no contract existed during the year in relation to the Company's business in which any director was materially interested.

## Directors' and officers' liability insurance

The Company purchases liability insurance covering the directors and officers of the Company and its subsidiaries.

## Charitable donations

£48,370 was donated during the year. No contributions were made for political purposes.

## Share and loan capital

The issued share capital has altered since 1 April 2002 by fully paid issues and cancellations as follows:

		No of Ordinary Shares of 25p
8 April 2002, 8 July 2002, 7 October 2002 and 8 January 2003	Shares in lieu of directors' fees	2,444
30 May 2002 to 14 June 2002	On exercise of options under the 1984 Share Option Scheme	337,728
24 June 2002	On conversion of 6.5% Convertible Bonds 2007	37,795
22 July 2002 to 4 March 2003	On exercise of options under the Sharesave Scheme	14,677
27 September 2002 to 31 March 2003	Buy-backs of ordinary shares for cancellation	(30,320,954)

## Substantial interests

As at 27 May 2003 the Company had been notified of the following major interests in its issued ordinary share capital, disclosed to it in accordance with Sections 198 to 208 of the Companies Act 1985:

	No. of shares (m)	% of issued capital
ABP Investments for Stichting Pensioenfonds ABP	18.7	3.8
Legal and General Group PLC	16.2	3.3

## Payments Policy

In the absence of dispute, amounts due to trade and other suppliers are settled as expeditiously as possible within their terms of payment. As at 31 March 2003, there were 25 (2002: 39) suppliers' days outstanding.

## Reappointment of Directors

The directors listed on page 47 constituted the Board during the year except that Dr. Gibson-Smith and Mr Michels were appointed as Directors on 1 January 2003. They both retire in accordance with Article 122 of the Articles of Association of the Company, having been appointed since the last Annual General Meeting, and are both eligible for re-election.

Mr Swannell will retire, under Article 116 of the Articles of Association, having been elected three years previously at the Annual General Meeting in 2000. He is also eligible for re-election.

Mr Metliss will be standing down from the Board at the close of this year's Annual General Meeting.

## Auditors

Resolutions concerning Deloitte & Touche's reappointment and remuneration will be proposed at the Annual General Meeting.

**All employee share schemes**

Under The British Land Employee Share Scheme, formed pursuant to the terms of the Finance Act 1978, as amended, full time directors and employees who have served the Company for at least five years received allocations of Ordinary Shares of 25 pence each in the Company. 131,416 Ordinary Shares were allocated to 162 participants in August 2002; 9,336 of these shares were allocated to the executive directors and are included in the total number of shares in which the directors have a beneficial interest shown on page 44.

No further allocations will be made under this scheme which is being replaced by the Company's all-employee Share Incentive Plan (SIP). This will be open to all full-time and part-time employees with more than 18 months' continuous service. The SIP comprises an annual grant of Free Shares, the opportunity for employees to contribute monthly to purchase Partnership Shares, and Matching shares granted by the Company.

**Sharesave scheme**

Under The British Land Sharesave Scheme, executive directors and employees who have served the Company for at least two years may be offered options to purchase shares, tied to a savings contract, over a three or five year period. Options are held by 228 employees and directors to purchase a total of 427,266 fully paid Ordinary Shares at prices of 347p, 355p, 359p, 377p, 399p, 438p, 443p, 481p and 544p per share, and normally exercisable during certain six month periods between 1 February 2003 and 31 August 2008. The options held by directors under this scheme are shown on page 45.

**Share option scheme**

Options are held by 15 employees and directors pursuant to The British Land Company PLC 1984 Share Option Scheme, which is approved under the terms of the Finance Act 1984, to purchase a total of 1,117,519 fully paid Ordinary Shares at between 322p and 394p per share and exercisable between 6 July 1997 and 22 January 2006. These options are exercisable not less than three years (five years in certain cases) and not more than 10 years after the date of grant. As at 27 May 2003, options over 3,364,567 shares had been exercised by the above mentioned employees and directors. The options held by directors under this scheme are shown on page 44.

**Restricted share plan**

The Company's Restricted Share Plan, which was approved by shareholders at the Annual General Meeting in 1997, provides interests in the shares of the Company to executives and executive directors.

Executives and executive directors of the Company have rights over 2,794,825 Ordinary Shares of the Company. The shares vest not

earlier than three years after grant and only on attainment of a performance target, settled on advice from Hewitt Bacon & Woodrow, consulting actuaries, following consultation with the National Association of Pension Funds and the Association of British Insurers. Participants are entitled to receive dividends on their Shares from the date of grant until vesting. The interests of directors under this scheme are shown on page 45.

**Employment policy**

The Group places emphasis on employee involvement and keeps employees informed through formal and informal briefings. The Company has well established all employee share schemes which are described above.

There were no major changes in the Group's pension schemes during the year. In the United Kingdom separate pension fund reports are made available to members.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

**Health and Safety**

The Board is committed to achieving the highest standards of care in its attention to health, safety and fire prevention. The Board requires safe working practices to ensure that employees, tenants and the general public are not harmed by the Company's activities.

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



**Anthony Braine**  
Secretary