

# Remuneration Report

## Unaudited information

The Remuneration Committee throughout the year consisted of: Sir Derek Higgs, Chairman of the Remuneration Committee, Lord Burns, Dr Christopher Gibson-Smith and David Michels.

The Remuneration Committee took advice during the year from Hewitt Bacon & Woodrow, John Ritblat, Stephen Hester and John Weston Smith. 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. The Committee has considered the potential conflict of interest and believes there is no conflict and continues to monitor this position.

## Statement of Company's policy on directors' remuneration

Directors' remuneration packages consist of several 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 marketplace for similar positions in other companies. In reviewing the cash compensation packages of the executive directors, the Remuneration Committee commissioned an independent survey of comparative packages of directors in companies of similar size and industry as British Land. Salary is not increased automatically in line with market rates and the Remuneration Committee considers in respect of each director whether to change the existing positioning in response to changes in job/relative value to British Land, personal performance, reassessment of market pressures and seniority. 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.

### *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.

The target award level for the Chief Executive is 65% of fixed salary for 2004 (pro rata) and 2005, increasing to 75% for 2006 and thereafter. The normal maximum award shall be 100% of fixed salary. Target award levels for the other executive directors 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.

The Remuneration Committee's approach is two-fold. It considers each individual's performance in regard to the specific areas of responsibility, such as:

- the success of purchases and sales
- the value added from development activity
- lettings and rent reviews
- financings obtained
- capital markets activities
- control over the Group's finances and accounts
- control over administrative services and human resources.

The Committee also considers team contributions made by each individual to overall corporate performance, using as external indicators:

- total return relative to property majors
- rental growth from reviews and new lettings relative to ERV and sector norms
- operating costs as a percentage of rents and NAV against prior year and property majors
- EPS relative to prior year, to forecast and growth, and to other property majors adjusting for any distorting items.

The Committee will be considering the introduction of a deferred annual bonus plan to be put to shareholders at the 2006 Annual General Meeting.

### *iii Long-term incentives*

The Long-Term Incentive Plan, approved by shareholders in 2003, following consultation by shareholders facilitated by the Association of British Insurers, permits either market value options or performance shares, which are similar to restricted shares, to be awarded, as may suit the Company from time to time. The option section of the Plan comprises an Inland Revenue approved part and an unapproved part. The Company has been advised that options have a present value equivalent to approximately one-third of the value of performance shares. This may be varied at the Remuneration Committee's discretion in the light of changing market conditions. Under the Plan, the Company may award a maximum notional value of 150% of base salary in performance shares each year or the equivalent value of base salary in options each year (the latter under current estimations being option grants over shares worth 450% of base salary). The annual limit will be set under both the options and performance shares components of the Plan taken together. At least one-third of any award made each year will consist of each of performance shares and options.

Grants made under the Plan are subject to a prescribed performance condition upon which the exercise of options and the vesting of performance shares will be contingent except that grants may be made without any performance condition to facilitate the recruitment of a new executive.

The performance condition attaching to options and share awards measures the growth in the Company's net asset value per share against the capital growth component of the Investment Property Databank Annual Index, over a performance period of three years commencing the year in which the options and share awards are granted. Growth in the Company's net asset value per share must exceed that of the Index for a minimum proportion of the options to be exercised and/or performance

shares to vest. The Company is geared while 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.

The performance hurdles are:

Percentage by which the average annual growth of British Land's Net Asset Value per share exceeds the average annual increase in the capital growth component of the Investment Property Databank Annual Index	Percentage vesting
5% or more	100%
4% or more but less than 5%	80%
3% or more but less than 4%	60%
2% or more but less than 3%	40%
1% or more but less than 2%	20%
More than 0% but less than 1%	10%
0% or less	0%

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

In connection with the potential introduction of Real Estate Investment Trusts into the UK, the Remuneration Committee will consider changes to the Group's Long-Term Incentive Plan including whether share options remain a valuable part of the package and whether to exchange existing options outstanding for equivalent value performance shares should British Land propose to convert to REIT status. Any such changes would be subject to the consent of shareholders and option holders.

The long-term incentive plans that have been used in the past are an Executive Share Option Scheme (ESOS) and a Restricted Share Plan (RSP). No further awards will be made under the ESOS or the RSP, following the adoption of the new Long-Term Incentive Plan by shareholders at the 2003 Annual General Meeting.

Under the ESOS, market value options were granted at the discretion of the Committee. Options became 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, required 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 RSP, executives and directors were 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. This target 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 awards have been made under this scheme since 2003. There is a stepped incentive scale in bands of achievement as follows:

Percentage by which the average annual growth of British Land's Net Asset Value 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 following summarises the annual package and relative importance for an index base salary of 100 for each executive director.

Chief Executive	
Salary	100
Benefits	5
Bonuses	up to 65-100

Other executive directors	
Salary	100
Benefits	10
Bonuses	up to 40-75

In addition annual grants under the Long-Term Incentive Plan are targeted at 100 – 150.

### External appointments

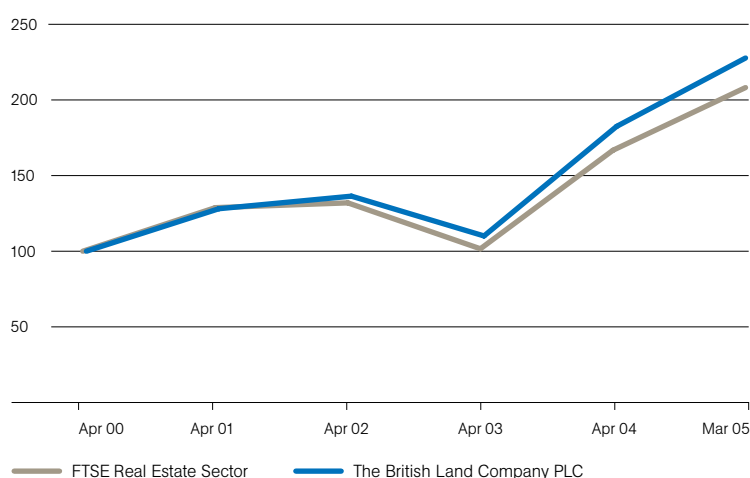
John Ritblat is non-executive Chairman of Colliers CRE PLC and retained earnings from that position of £66,398 for the year to 31 December 2004 (2003: £63,506).

### 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 2000 to 31 March 2005.

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 for the period 1 April 2000 to 31 March 2005 (rebased 1 April 2000)**



### Directors' contracts

The policy of the Company is to have service contracts with notice periods of one year. 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.

Stephen Hester has a service contract dated 26 July 2004, relating to service beginning on 12 November 2004, which provides for one year's notice to expire on or at any time after 12 November 2006.

John Ritblat, John Weston Smith and Robert Bowden do not have service contracts with the Company, as they have reached age 60. There are no arrangements in place for compensation in respect of salary, annual bonus and benefits in kind in the event of termination of these individuals' employment.

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

Graham Roberts joined the Company in January 2002 as an executive director under a service contract dated 19 November 2001. It is a rolling contract providing for one year's notice.

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.

#### Chairman's remuneration

The divisions of responsibilities between the Chairman and Chief Executive, prepared in accordance with the provisions and good practice guidelines of the Combined Code on Corporate Governance, have been set out in writing and approved by the Board. This includes the transitional arrangements. It is not intended that John Ritblat will participate in any future grants under the Long-Term Incentive Plan. It is intended that his salary for the year to 31 March 2006 will reflect the transition to the Chairman role.

#### 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 £	2005 Total (excluding pensions) £	Salary £	Annual bonus £	Benefits £	2004 Total (excluding pensions) £
				£				£
John Ritblat	801,500	575,000	18,305	<b>1,394,805</b>	801,500	475,000	19,842	1,296,342
Sir Derek Higgs	41,000			<b>41,000</b>	43,000			43,000
Stephen Hester	230,425	172,603	2,820	<b>405,848**</b>				
John Weston Smith	351,500	175,000	25,325	<b>551,825</b>	351,500	100,000	25,341	476,841
Nicholas Ritblat	386,500	192,500	21,345	<b>600,345</b>	351,500	100,000	21,491	472,991
Michael Cassidy	31,000			<b>31,000</b>	31,500			31,500
Robert Bowden	366,500	219,000	19,102	<b>604,602</b>	331,500	100,000	24,225	455,725
Robert Swannell	31,000			<b>31,000</b>	31,500			31,500
Lord Burns	41,000			<b>41,000</b>	42,000			42,000
Graham Roberts	301,500	180,000	24,902	<b>506,402</b>	266,500	100,000	23,479	389,979
David Michels	33,500			<b>33,500</b>	31,000			31,000
Dr Christopher Gibson-Smith	36,500			<b>36,500</b>	42,000			42,000
	<b>2,651,925</b>	<b>1,514,103</b>	<b>111,799</b>	<b>4,277,827</b>	2,323,500	875,000	114,378	3,312,878

Benefits in kind include company car, car allowance, private medical insurance and permanent health insurance.

\*Bonus payments to Executive Directors for 2004/5 averaged 62% of salary compared to the 'on target' maximum levels described on page 58. These bonus levels were individually set reflecting high levels of successful business activity during the year, leading to very strong (and above trend) financial results and the related strong performance of individuals against their specific responsibilities. The activity levels and related results are set out fully elsewhere in the Annual Report.

\*\*Stephen Hester joined the Company on 12 November 2004.

Pension related payments to Stephen Hester, Robert Bowden and Graham Roberts are shown in the Directors' pension benefits for the year ended 31 March 2005, below.

#### 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)		Co-Investment Share Plan		Recruitment Award		Options over ordinary shares Sharesave Scheme	
	31 March 2004	31 March 2005	31 March 2004	31 March 2005	31 March 2004	31 March 2005	31 March 2004	31 March 2005	31 March 2004	31 March 2005
	John Ritblat	2,818,232	<b>3,121,787</b>							1,954
Sir Derek Higgs	8,116	<b>8,931</b>								
Stephen Hester	33,510*	<b>77,150</b>				<b>61,957</b>		<b>36,671</b>		
John Weston Smith	140,466	<b>151,806</b>							3,358	<b>3,358</b>
Nicholas Ritblat	125,768	<b>297,593</b>	374,250						2,463	<b>2,550</b>
Michael Cassidy	6,500	<b>3,500</b>								
Robert Bowden	77,001	<b>122,541</b>	81,250						2,427	<b>1,462</b>
Robert Swannell	3,750	<b>3,750</b>								
Lord Burns	4,121	<b>5,025</b>								
Graham Roberts	12,543	<b>58,133</b>								<b>2,550</b>
David Michels		<b>2,059</b>								
Dr Christopher Gibson-Smith	4,827	<b>7,804</b>								

\* On date of appointment, 12 November 2004.

	Options over ordinary shares				Long-Term Incentive Plan Performance Shares		Rights under Restricted Share Plan Ordinary Shares	
	1984 Option Scheme		Long-Term Incentive Plan		31 March 2004	31 March 2005	31 March 2004	31 March 2005
	31 March 2004	31 March 2005	31 March 2004	31 March 2005				
John Ritblat	295,783	<b>295,783</b>	358,565	<b>630,058</b>	119,521	<b>210,018</b>	294,018	<b>132,075</b>
Sir Derek Higgs								
Stephen Hester				<b>169,596</b>		<b>56,532</b>		
John Weston Smith	150,283	<b>150,283</b>	156,872	<b>275,650</b>	52,290	<b>91,882</b>	137,574	<b>56,603</b>
Nicholas Ritblat	59,201	<b>59,201</b>	130,726	<b>261,382</b>	43,575	<b>87,127</b>	128,140	<b>47,169</b>
Michael Cassidy								
Robert Bowden	103,450	<b>103,450</b>	123,256	<b>247,124</b>	41,085	<b>82,374</b>	137,574	<b>56,603</b>
Robert Swannell								
Lord Burns								
Graham Roberts			98,978	<b>200,787</b>	32,993	<b>66,929</b>	122,169	<b>47,169</b>
David Michels								
Dr Christopher Gibson-Smith								

On 11 April 2005 Sir Derek Higgs and Lord Burns were each allotted 183 fully paid ordinary 25p shares, Dr Christopher Gibson-Smith was allotted 449 shares and David Michels was allotted 360 shares, all in satisfaction of directors' fees for the quarter ended 31 March 2005. The shares allotted were priced at the middle market quotation at close of business on 7 April 2005, which was 821p per share.

On 14 April 2005 John Ritblat, John Weston Smith, Nicholas Ritblat, Robert Bowden and Graham Roberts each purchased 15 ordinary 25p shares in the Company at a price of 818p per share under the 'Partnership' element of the Company's Share Incentive Plan. Accordingly, they were each awarded 30 'Matching' ordinary shares of 25p in the Company, at a price of 818p per share.

On 16 May 2005 John Ritblat, John Weston Smith, Nicholas Ritblat, Robert Bowden and Graham Roberts each purchased 15 ordinary 25p shares in the Company at a price of 816p per share under the 'Partnership' element of the Company's Share Incentive Plan. Accordingly, they were each awarded 30 'Matching' ordinary shares of 25p in the Company, at a price of 816p per share.

The aggregate amount of gains made by directors on the exercise of share options was £18,055 (2004: £176,506). The aggregate value of distributions to directors in relation to the Restricted Share Plan was £5,122,980 (2004: £3,231,583).

The middle market quotation for the ordinary 25p shares of the Company at the close of business on 31 March 2005 was 804p. The highest and lowest middle market quotations during the year to 31 March 2005 were 920p and 603p.

## Directors' options and 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	John Ritblat		John Weston Smith		Nicholas Ritblat		Robert Bowden	
				1 April 2004	31 March 2005	1 April 2004	31 March 2005	1 April 2004	31 March 2005	1 April 2004	31 March 2005
23.01.96	394	23.01.99	22.01.06	132,418	<b>132,418</b>	60,092	<b>60,092</b>	11,244	<b>11,244</b>	103,450	<b>103,450</b>
23.01.96	394	23.01.01	22.01.06	163,365	<b>163,365</b>	90,191	<b>90,191</b>	47,957	<b>47,957</b>		
				295,783	<b>295,783</b>	150,283	<b>150,283</b>	59,201	<b>59,201</b>	103,450	<b>103,450</b>

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

The performance target required the Company's average annual Net Asset Value Growth over three years to equal the average annual increase over three years in the capital growth component of the Investment Property Databank Annual Index.

### (ii) Sharesave Scheme

Beneficial interests of the directors under the Company's Sharesave Scheme in ordinary shares of the Company.

Date granted	Exercise price p	Earliest exercise date	Expiry date	John Ritblat		John Weston Smith		Nicholas Ritblat		Robert Bowden		Graham Roberts	
				1 April 2004	31 March 2005	1 April 2004	31 March 2005	1 April 2004	31 March 2005	1 April 2004	31 March 2005	1 April 2004	31 March 2005
01.09.01	399	01.09.04	28.02.05					1,456		2,427			
01.03.02	377	01.03.05	31.08.05					1,007					
01.03.04	472	01.03.07	31.08.07	1,954	<b>1,954</b>								
01.03.04	472	01.03.09	31.08.09			3,358	<b>3,358</b>						
22.12.04	648	01.03.08	31.08.08							<b>1,462</b>			
22.12.04	648	01.03.10	31.08.10					<b>2,550</b>					<b>2,550</b>
				1,954	<b>1,954</b>	3,358	<b>3,358</b>	2,463	<b>2,550</b>	2,427	<b>1,462</b>		<b>2,550</b>

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 18 months of service.

On 1 September 2004 Nicholas Ritblat and Robert Bowden exercised their options over 1,456 and 2,427 shares respectively at an option price of 399p per share. The middle market quotation per ordinary 25p share of the Company on 1 September 2004 was 736.5p per share, realising a notional gain of 337.5p per share, as they both continue to hold their shares.

On 1 March 2005 Nicholas Ritblat exercised his option over 1,007 shares at an option price of 377p per share. The middle market quotation per ordinary 25p share of the Company on 1 March 2005 was 868.5p per share, realising a notional gain of 491.5p per share, as he continues to hold his shares.

### (iii) Restricted Share Plan

Beneficial interests of the directors under the Company's Restricted Share Plan in the ordinary shares of the Company.

	John Ritblat	John Weston Smith	Nicholas Ritblat	Robert Bowden	Graham Roberts
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
22.06.04 Grant*	80,971	40,485	40,485	40,485	
22.06.04 Release*	(242,914)	(121,456)	(121,456)	(121,456)	
10.01.05 Grant**					37,500
10.01.05 Release**					(112,500)
<b>31.03.05 Total</b>	<b>132,075</b>	<b>56,603</b>	<b>47,169</b>	<b>56,603</b>	<b>47,169</b>
Distribution in year to 31.03.04	£1,287,995	£642,703	£641,408	£642,703	£16,774
Distribution in year to 31.03.05***	£1,652,993	£825,087	£823,684	£825,087	£996,129

\* These items represent the vesting of the awards made on 22 June 2001 at 150% of their original value on outperformance of the target set. The middle market quotation of the ordinary 25p shares of the Company on 22 June 2001 was 499p per share.

\*\* This item represents the vesting of the award made on 9 January 2002 at 150% of its original value on outperformance of the target set. The middle market quotation of the ordinary 25p shares of Company on 9 January 2002 was 460p per share.

\*\*\* The amounts distributed in the year to 31 March 2005 represent the market value of the grants which vested on 22 June 2004 or 10 January 2005 together with dividends arising on the beneficial interests for the year ended 31 March 2005. On release John Weston Smith sold 111,456 shares, Robert Bowden sold 96,456 shares, Nicholas Ritblat sold 34,925 shares and Graham Roberts sold 68,250 shares. The middle market quotation of the ordinary 25p shares of the Company on 22 June 2004 was 673.5p per share and on 10 January 2005 was 878p per share.

The performance target compares the Company's average annual Net Asset Value Growth over three years against the average annual increase over three years in the capital growth component of the Investment Property Databank Annual Index (see page 59).

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.

### (iv) Long-Term Incentive Plan

Beneficial interests of the directors under the Company's Long-Term Incentive Plan in the ordinary shares of the Company.

#### Options

Date granted	Exercise price p	Earliest exercise date	Expiry date	John Ritblat		Stephen Hester		John Weston Smith		Nicholas Ritblat		Robert Bowden		Graham Roberts	
				1 April 2004	31 March 2005	12 Nov 2004	31 March 2005	1 April 2004	31 March 2005	1 April 2004	31 March 2005	1 April 2004	31 March 2005	1 April 2004	31 March 2005
25.09.03	502	25.09.06	24.09.13	358,565	<b>358,565</b>			156,872	<b>156,872</b>	130,726	<b>130,726</b>	123,256	<b>123,256</b>	98,978	<b>98,978</b>
28.05.04	663	28.05.07	27.05.14		<b>271,493</b>				<b>118,778</b>		<b>130,656</b>		<b>123,868</b>		<b>101,809</b>
29.11.04	796	29.11.07	28.11.14				<b>169,596</b>								
				358,565	<b>630,058</b>		<b>169,596</b>	156,872	<b>275,650</b>	130,726	<b>261,382</b>	123,256	<b>247,124</b>	98,978	<b>200,787</b>
<b>Performance Shares</b>															
25.09.03				119,521	<b>119,521</b>			52,290	<b>52,290</b>	43,575	<b>43,575</b>	41,085	<b>41,085</b>	32,993	<b>32,993</b>
28.05.04					<b>90,497</b>				<b>39,592</b>		<b>43,552</b>		<b>41,289</b>		<b>33,936</b>
29.11.04							<b>56,532</b>								
				119,521	<b>210,018</b>		<b>56,532</b>	52,290	<b>91,882</b>	43,575	<b>87,127</b>	41,085	<b>82,374</b>	32,993	<b>66,929</b>

The performance target compares British Land's average annual Net Asset Value Growth over three years against the average annual increase over three years in the capital growth component of the Investment Property Databank Annual Index (see page 59).

Upon vesting, performance shares are transferred out of the Trust. 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 retained by the Trust and are payable to employees only on the vesting of the employees' performance shares.

### (v) Recruitment awards

In connection with the recruitment of Stephen Hester and to compensate him for loss of previous benefits the Company has made one-off grants as follows:

Co-Investment Share Plan – On 29 November 2004, Stephen Hester was awarded 61,957 shares under the Co-Investment Share Plan. These shares conditionally vest on their third anniversary of grant provided he remains in employment. This award was conditional on the prior acquisition by Stephen Hester of a matching number of shares and requires those shares' subsequent retention for a three year period.

Recruitment Award Agreement – On 29 November 2004, Stephen Hester was awarded 36,671 shares which vest one year after joining the Company, provided that he remains in employment.

## Directors' pension benefits for the year ended 31 March 2005

Two executive directors, Nicholas Ritblat and Graham Roberts, earned pension benefits in schemes sponsored by the Company during the year. Stephen Hester receives a sum equal to 35% of his basic salary in lieu of pension contributions. For the period from joining to 31 March 2005 this amounted to £80,649.

Graham Roberts' benefits from the tax-approved scheme are restricted and he is therefore entitled to benefit from the Company's Funded Unapproved Retirement Benefit Scheme (FURBS). The benefits provided by the FURBS are defined lump sums.

Pension related payments have been made in the year to Graham Roberts and Robert Bowden to meet income tax liabilities in respect of contributions to their FURBS arrangements. The payment to Graham Roberts was £387,421 (2004: £nil) in respect of entitlements accruing in the three years to 31 March 2005. The payment to Robert Bowden was £179,288 (2004: £nil) in respect of entitlements accrued in the two years to 31 March 2004. (Robert Bowden retired from the FURBS scheme in the year to 31 March 2004 and so has accrued no further entitlements since then).

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

Since the Directors' Remuneration Report Regulations 2002 came into force, 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 time being. The tables shown below provide the details of directors' pensions necessary to satisfy the two sets of requirements.

### Companies Act 1985 Disclosure Requirements

The British Land Group of Companies Pension Scheme	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* £
Nicholas Ritblat	43	18,600	127,500	1,005,100	1,265,600	260,500
Graham Roberts	46	3,700	11,100	79,300	126,900	47,600

The British Land Unapproved Retirement Benefits Plan (FURBS)	Age at year end	Increase in accrued FURBS lump sum entitlement during the year £	Total accrued FURBS lump sum entitlement at year end £	Transfer value of accrued FURBS lump sum at start of year £	Transfer value of accrued FURBS lump sum at year end £	Increase in transfer value less director's contributions paid during the year* £
Graham Roberts	46	144,000	358,300	108,900	235,800	126,900

### UK Listing Authority Disclosure Requirements

	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 £	Transfer value of additional FURBS lump sum earned less director's contributions paid during the year* £	Premiums paid in respect of life cover £
Nicholas Ritblat	43	15,300	127,500	151,900	-	-	-	1,740
Graham Roberts	46	3,400	11,100	39,000	144,000	358,300	80,300	4,684

\* see note (3b)

#### Notes

- The total accrued annual pension and FURBS lump sum entitlement shown are those that would be paid on retirement at age 60 based on service to the end of the year.
- 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.
- The following is additional information relating to directors' pensions for those included in the above table:  
Tax-approved Scheme
  - Normal retirement age for pension arrangements is age 60.
  - Members of the Scheme were not required to pay contributions during the year.
  - Retirement may take place at any age after 50 subject to the consent of both the Company and the Trustees of the Scheme. Pensions are reduced to allow for their earlier payment.
  - On death in service, the Scheme 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 entitled to 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 (or age 23 if in full time education), if later.

- 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.
  - The transfer values have been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11. The mortality assumptions used were revised during the year to 31 March 2005. The financial assumptions used to calculate the transfer value of benefits from the FURBS have also been revised.
  - Transfer value calculations allow for discretionary pension increases such that, in aggregate, pension increases in line with increases in the RPI are valued.
- FURBS
- Normal retirement age for pension arrangements is age 60.
  - Retirement may take place at any age after 50 subject to the Company's consent. Benefits are reduced to allow for their earlier payment.
  - On death in service, top up lump sums are provided so that, in aggregate, the beneficiary 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 tax-approved scheme a lump sum of two-thirds of the member's accrued lump sum is also payable.
  - In deferment accrued lump sums are increased in line with statutory increases on pensions in deferment.

This report was approved by the Board on 24 May 2005.



**Sir Derek Higgs** Chairman of the Remuneration Committee