

Remuneration Report

Unaudited information

The Remuneration Committee consists of: Dr Christopher Gibson-Smith, Sir Derek Higgs, David Michels, Lord Turnbull and Kate Swann. Sir Derek chaired the Committee until 30 September 2005, when Dr Gibson-Smith replaced him as chairman. Sir Derek will retire from the Board at the 2006 AGM. Lord Burns served on the Committee until his resignation from the Board on 30 September 2005. Lord Turnbull and Kate Swann were appointed to the Committee following their appointment to the Board on 1 April 2006.

The Remuneration Committee took advice during the year from Hewitt Bacon & Woodrow Limited ('Hewitt'), Sir John Ritblat, Stephen Hester and John Weston Smith. The Remuneration Committee appointed Hewitt as adviser to the Committee. Hewitt also 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, believes there is none and continues to monitor this position.

Statement of Company's policy on directors' remuneration

Directors' remuneration packages comprise a fixed part of basic salary and benefits; and an annual bonus and long-term incentive plan.

Following Stephen Hester's appointment as Chief Executive and the acquisition of Pillar Property PLC, the Committee has reviewed the Company's Remuneration Policy. This review has shown the need to update the policy to integrate the two companies and promote the Company's revised business strategy and objectives. As a result the Committee is proposing, for shareholder approval, two new share-based plans and an update of the existing long-term incentive plan rules.

(i) Remuneration policy review and proposals

British Land is an industry leader and a mid FTSE100 Company. Its goal is to manage the Company to achieve sustained outperformance for shareholders.

The business model is people light and asset heavy – it leverages the work, skill and judgement of a relatively small staff over a large value of efficiently financed assets. The strategy and business changes introduced in 2005 are designed to emphasise the 'human value added' in order to lift performance at the property level, whilst retaining efficient translation to profits and net asset value via financial and fiscal structure.

George Bernard Shaw 1856–1950

Photogravure, 1904, by Alvin Langdon Coburn

Shaw was the leading playwright of his generation; formidably intellectual, he was also a critic of art, music, drama and literature, a committed socialist and an influential member of the Fabian Society. Active as a dramatist even into his 90s, his plays included *Arms and the Man* (1894), *Candida* (1897), *Man and Superman* and *Major Barbara* (both 1905) and *Pygmalion* (1913), which last was filmed, improbably, as *My Fair Lady*. Shaw devoted much of his prodigious energy to the question of spelling reform (though preferring to write his own plays in shorthand) and funded the development of a new phonetic alphabet called Shavian. Surprisingly, it failed to gain widespread adoption.

To accomplish British Land's performance goals and the shift in business model, the Company is engaged in a process of management renewal and culture change, targeting a high performance, open and meritocratic culture where its people are motivated individually and as a team to outperform competitors, subject to maintenance of quality and security overall.

Pay philosophy

It is important that pay policy reinforces the Company's goals, providing strong incentives for exceptional Company, team and individual performance with significant upward and downward variability.

As well as motivation to perform, pay plays an important retention role and hence needs to be competitive with alternative employment. This is particularly so as British Land's demands on staff are rising and the surge in interest in property from elsewhere has put increasing scarcity value on proven performers.

It is also important to have strong alignment of management incentives with goals that matter to British Land's shareholders and with shareholder returns via share ownership.

Failure to incentivise, retain and align management with shareholders would make relative outperformance particularly difficult to achieve. Reflecting its goals, the policy is to set 'base' pay at norms consistent with the Company's FTSE position with appropriate variance for specialist positions, but to provide bonus and LTIP incentive levels that would move overall pay above median toward upper quartile if performance so merits.

Effects of the Pillar acquisition

Following the acquisition of Pillar and British Land's change of strategy and management approach (set out at the 2004/5 Year End Results), the Remuneration Policy and structures need to be revised to unite the two employee groups. An important part of the acquisition rationale was to speed management and cultural renewal. Pillar also brought with it a major fund management business whose economics depend on outperformance and whose investor base is keenly interested in management motivation and alignment.

Proposed pay structure

- a) It is intended to operate a 'total remuneration' approach, flexibly interpreted. In particular this means taking account of salary differences and other benefits such as pension provision, when setting variable pay, bonus and long-term incentive awards.
- b) The setting of clear and stretching Targets and Goals for the Company's key people is being emphasised together with their linkage to pay and career progression. This approach has been extended to all the Company's senior management staff.
- c) The current salary approach, targeting around market median with exceptional performance to be rewarded via incentive pay is being maintained. It should be noted however that individual salaries may vary from median, based on a combination of hiring need and job specifics.

d) British Land's bonus structure was well below Pillar's and has become uncompetitive in the wider market place. A key goal is to encourage high performance and having greater scope to differentiate via bonus is an important tool for the Company. Bonus 'potential' as a proportion of pay is therefore being increased with significant individual variability around seniority/functional norms, and set with performance and market data in mind.

e) In order to increase shareholder alignment it is proposed to introduce a matched share arrangement targeted at executive committee members (and, by invitation, other key senior contributors to the Company).

To provide shares against which to match, part of the annual bonus for participants will be delivered in the form of shares in the Company which must be held for a three-year period, to reinforce the focus on long-term Company performance.

f) The individual variability of Long-Term Incentive Plan awards to staff based on performance and potential is being increased, reducing Long-Term Incentive Plan awards overall, based on greater skewing toward key business contributors.

g) The cost to the Company of the British Land defined pension scheme is some 35-40% of salary, though research the Company has undertaken revealed that few individuals value it as highly. It is not planned to admit new employees to the British Land Final Salary Pension Scheme. Existing entitlements will be retained by the members, with freedom to transfer to a new Defined Contribution Scheme. Contributions to this scheme are at a flat rate of 15% of salary and paid by the Company. In certain circumstances it may be necessary to pay higher contributions when recruiting senior executives.

h) A new long-term incentive scheme is needed to replace CRISP, the Pillar long-term scheme which lapsed on acquisition. This needs to align the interests of the fund management executives (running the Company's external unit trusts) with the Funds' investors, of which British Land is also the largest. These executives will also be Long-Term Incentive Plan eligible but 80% of the value of any Long-Term Incentive Plan awards will be offset against the CRISP type incentives when paid.

i) A Minimum Shareholding Guideline is being introduced with approximately 175% of base salary to be held in vested shares by the Chief Executive and 125% for other executive directors. There is no set timescale required to reach the target but this should be achieved through the regular additions anticipated by bonus and Long-Term Incentive Plan awards. Shares cannot be sold until the target is reached (other than for 'tail-swallowing' to meet exercise price for options and tax due for options and performance shares) but no purchases are required either to reach the level or to respond to share price falls. The number/value of shares required as the target will be fixed once a year.

Impact on Director Compensation Structure

The above policy involves:

1. Raising the executive director bonus 'target' by 25% of salary to 65% and the ceiling to 110% but introducing payment of 33% of future bonuses in fully vested shares subject to a three year holding requirement. The Chief Executive's target is similarly raised by 25% to 90% with a new ceiling of 135%.
2. Introduction of the minimum shareholding requirement set out above for directors of approximately 125% of salary (175% for the Chief Executive).
3. Putting in place the CRISP replacement scheme available for fund management executives, subject to the Long-Term Incentive Plan offset. This may, from time to time, include one or more executive directors to the extent their responsibilities include Fund Management.
4. Introduction of a compulsory three year bonus deferral (payable in shares) on one third of directors' annual bonuses, plus a share matching scheme for that one third in shares with three year vesting and performance conditions.

Details of items 3 and 4 are more fully described in the 2006 AGM Notice of Meeting.

(ii) Basic salary and benefits

Basic salary and benefits in kind for each executive director are reviewed annually by the Remuneration Committee, taking account of the director's performance and responsibilities.

The Committee considers basic salary levels against two peer groups. For roles where corporate size and scope characteristics drive duties, basic pay levels and recruitment sources, a peer group of major UK companies across market sectors with a median market capitalisation comparable to British Land is used to establish basic salary levels.

For other posts, the Committee will look at pay levels at other organisations such as agents, fund managers or comparably sized support functions to match with roles of comparable speciality, scope and responsibility to those within British Land. This reflects the 'people light and asset heavy' business model, with the Company leveraging the work, skill and judgement of a head office staff of some 200 employees over a large asset base.

Basic salaries are targeted around the median of the relevant peer group in both cases. The Remuneration Committee commissions pay surveys from time to time to ensure pay is correctly positioned against the market. Appropriate increases are made to the base salary in order to reflect individual merit whilst remaining competitive with the market.

The total pay position is analysed by looking across each of the different elements of pay: basic salary, annual bonus awards, pension and long-term incentives. This provides the Committee with a total remuneration view rather than just the competitiveness of the individual pay elements and may vary widely to correspond to the need of the role and the performance delivered.

In using salary and other remuneration data the Committee is mindful against unnecessary ratcheting up the remuneration levels whilst properly incentivising performance and being able to attract and retain the best people. The Committee also has regard to economic factors, remuneration trends and the level of pay increases throughout the Company when determining directors' pay.

(iii) Annual incentive plan (prior to changes outlined in (i) above)

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 was 65% of salary for 2004/5 (pro rata) and 2005/6, increasing to 75% for 2006/7 and thereafter with a normal maximum award of 100% of salary. Target award levels for the other executive directors were 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 to setting bonuses is two-fold. Each individual's performance is considered in relation to the goals agreed for their 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
- management of 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 (share price and NAV based) relative to property majors and relevant indices
- rental growth from reviews and new lettings relative to ERV and sector norms
- operating costs as a percentage of rents and assets against prior year and property majors
- EPS relative to prior year, to forecast and to other property majors adjusting for any distorting items.

These factors are then aggregated by the Committee into individual bonus awards on a subjective basis, though supported by the objective individual data points. The Committee believes that it is not desirable to apply more rigid mathematical formula to bonus determination.

(iv) Long-term incentives

The Long-Term Incentive Plan (LTIP), approved by shareholders in 2003, following consultation with 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 rules of the scheme require options to be valued at one third of a share. The Company has been advised that options have a present value equivalent to approximately one-quarter of the value of performance shares. A resolution will be put to the 2006 AGM to allow the valuation of options to be varied by the Remuneration Committee following changes to market conditions and certified by external experts. 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 600% of base salary). The annual limit will be set with both the options and performance shares components of the Plan taken together. At least one-third of any award made each year has consisted of each of performance shares and options, though this proportion may be varied between 0% and 100% at the discretion of the Remuneration Committee.

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 if required 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. The downward move in property yields relative to interest rates has in fact significantly increased the performance stretch required by this measure looking forward. Hewitt 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 light of the proposed introduction of Real Estate Investment Trusts into the UK, the 2006 AGM resolution will also give the Remuneration Committee discretion to make consequential changes to the Group's Long-Term Incentive Plan; this will include the discretion to exchange existing options outstanding for equivalent value performance shares and adjust NAV data for Plan purposes to remove the effect of any relevant one off financial or tax charges incurred on, or in anticipation of, conversion should British Land propose to convert to REIT status. Similarly the performance hurdles would be adjusted if justified to reflect the revised dividend requirement of REITs. It will also give the Remuneration Committee discretion to amend the performance target for extant Long-Term Incentive Plan awards where there are circumstances which have made the existing target unfair or impracticable. Any such changes would be reported in the next Remuneration Report.

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 have been made under the ESOS or the RSP, following the adoption of the 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:

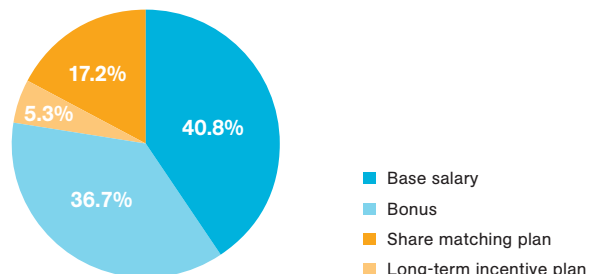
Percentage by which the average annual growth of British Land's Net Asset Value per share exceeds the average annual increase in the capital growth component of the Investment Property Databank Annual Index	Relevant percentage to be applied to number of ordinary shares provisionally granted
5% or more	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%

Fixed/variable pay analysis

The following summarises the annual package and relative importance of its components for each executive director. The analysis uses methodology from Hewitt, common to their work with other major companies to derive the 'expected' value of variable compensation. This takes account of vesting periods and related performance conditions.

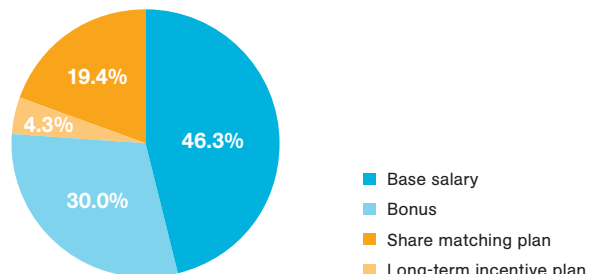
Chief Executive

Distribution of total "On Target" Annual Remuneration



Executive Directors

Distribution of total "On Target" Annual Remuneration

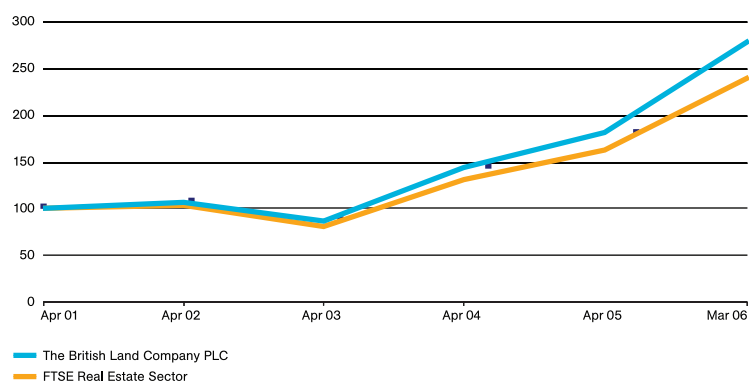


Performance graph

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 2001 to 31 March 2006.

The FTSE Real Estate Sector Index was chosen because that is where the shares of the Company are classified. Hewitt 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 2001 to 31 March 2006 (rebased as at 1 April 2001)



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 and Graham Roberts has a service contract dated 19 November 2001, both of which provide for one year's notice.

Patrick Vaughan has a service contract with Pillar Property Group Limited dated 1 July 1994, as amended by a side letter dated 8 August 2005. It provides for termination of employment to occur on 28 July 2006, or earlier on one month's notice from either party.

Sir John Ritblat, John Weston Smith and Robert Bowden do not have service contracts with the Company, as they have reached age 60. Mr Weston Smith will be retiring at the 2006 AGM. 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.

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.

Audited information

Directors' emoluments

	Salary £	Annual bonus* £	Benefits £	2006 Total (excluding pensions) £	Salary £	Annual bonus £	Benefits £	2005 Total (excluding pensions) £
Sir John Ritblat	751,500	575,000	16,306	1,342,806	801,500	575,000	18,305	1,394,805
Sir Derek Higgs (non executive)	46,500			46,500	41,000			41,000
Stephen Hester	601,500	600,000	24,416	1,225,916	230,425	172,603	2,820	405,848
John Weston Smith	362,700	252,840	25,251	640,791	351,500	175,000	25,325	551,825
Nicholas Ritblat	173,625	65,000	9,035	247,660 ¹	386,500	192,500	21,345	600,345
Michael Cassidy (non executive)	39,500			39,500	31,000			31,000
Robert Bowden	407,500	304,500	19,262	731,262	366,500	219,000	19,102	604,602
Robert Swannell (non executive)	45,500			45,500	31,000			31,000
Lord Burns (non executive)	24,500			24,500 ²	41,000			41,000
Graham Roberts	331,500	231,000	27,037	589,537	301,500	180,000	24,902	506,402
David Michels (non executive)	49,000			49,000	33,500			33,500
Dr Christopher Gibson-Smith (non executive)	46,000			46,000	36,500			36,500
Patrick Vaughan	265,250	224,279	11,301	500,830 ³				
	3,144,575	2,252,619	132,608	5,529,802	2,651,925	1,514,103	111,799	4,277,827

¹ To 31 August 2005, date of cessation of office.

² To 30 September 2005, date of cessation of office.

³ From 28 July 2005, date of appointment.

Emoluments do not include distributions arising from share plan interests.

Robert Bowden's basic salary was adjusted to reflect his increased property responsibilities on the transition of the Chairman from an executive role and the Group's increased property activities.

Graham Roberts' basic salary was adjusted to bring it in line with the market median and in recognition of the increasing responsibility and requirements within the finance function.

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

* Bonus payments to executive directors for 2005/6 averaged 79% of salary compared to the 'on target' and maximum levels described on page 59. These bonus levels were individually set reflecting high levels of successful business activity during the year, leading to substantial outperformance for shareholders, very strong (and above trend) financial results, and the related strong performance of individuals against their specific responsibilities. In each case both the Company results and individuals' contributions were assessed to have beaten the targets agreed by the Remuneration Committee at the start of the year. The measures used for bonus determination are set out on page 59 of the Remuneration Report. The accomplishments relative to these measures are set out fully elsewhere in the Annual Report where the activities of the Company in 2005/6 are described.

Sir John Ritblat is non-executive Chairman of Colliers CRE PLC and retained earnings from that position of £61,471 for the year to 31 December 2005 (2004: £66,398).

Pension related payments to Stephen Hester, Nicholas Ritblat, Graham Roberts and Patrick Vaughan are shown in the Directors' pension benefits for the year ended 31 March 2006, below.

Nicholas Ritblat resigned from the Board on 31 August 2005. He has a consultancy agreement with the Company for twelve months thereafter, paying a salary of £20,000 per month. It also provided for a success payment equal to 0.1% of the consideration received for the disposal of the Residential portfolio. Accordingly, Nicholas Ritblat received £299,730 on 9 March 2006.

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 included the transitional arrangements. Since this division of responsibilities Sir John Ritblat no longer participates in any future grants under the Long-Term Incentive Plan. His salary for the year to 31 March 2007 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.

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		Co-Investment Share Plan		Recruitment Award		Options over ordinary shares			
							Rollover Options		Sharesave Scheme	
	31 March 2005	31 March 2006	31 March 2005	31 March 2006	31 March 2005	31 March 2006	31 March 2005	31 March 2006	31 March 2005	31 March 2006
Sir John Ritblat	3,121,787	3,595,891							1,954	1,954
Sir Derek Higgs	8,931	9,582								
Stephen Hester	77,150	125,181	61,957	61,957	36,671					
John Weston Smith	151,806	177,676							3,358	3,358
Nicholas Ritblat	297,593	339,935¹							2,550	
Michael Cassidy	3,500	2,000								
Robert Bowden	122,541	173,504							1,462	1,462
Robert Swannell	3,750	3,750								
Lord Burns	5,025	5,380²								
Graham Roberts	58,133	100,747							2,550	2,550
David Michels	2,059	4,424								
Dr Christopher Gibson-Smith	7,804	10,535								
Patrick Vaughan								³	190,662	

	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 2005	31 March 2006	31 March 2005	31 March 2006	31 March 2005	31 March 2006	31 March 2005	31 March 2006
Sir John Ritblat	295,783		630,058	630,058	210,018	210,018	132,075	
Sir Derek Higgs								
Stephen Hester			169,596	323,529	56,532	107,843		
John Weston Smith	150,283		275,650	275,650	91,882	91,882	56,603	
Nicholas Ritblat	59,201	59,201¹	261,382	117,098¹	87,127	39,032¹	47,169	
Michael Cassidy								
Robert Bowden	103,450		247,124	316,565	82,374	128,668	56,603	
Robert Swannell								
Lord Burns								
Graham Roberts			200,787	285,450	66,929	95,150	47,169	
David Michels								
Dr Christopher Gibson-Smith								
Patrick Vaughan								

¹ On 31 August 2005, date of cessation of office.

² On 30 September 2005, date of cessation of office.

³ On 28 July 2005, date of appointment to office.

On 11 April 2006 Sir Derek Higgs was allotted 120 fully paid ordinary 25p shares, Dr Christopher Gibson-Smith was allotted 478 shares and David Michels was allotted 401 shares, all in satisfaction of directors' fees for the quarter ended 31 March 2006. The shares allotted were priced at the middle market quotation at close of business on 5 April 2006, which was 1249p per share.

On 18 April 2006 Sir John Ritblat, John Weston Smith, Robert Bowden and Graham Roberts each purchased 9 ordinary 25p shares in the Company at a price of 1274p per share under the 'Partnership' element of the Company's Share Incentive Plan. Accordingly, they were each awarded 18 'Matching' ordinary shares of 25p in the Company, at a price of 1274p per share.

On 15 May 2006 Sir John Ritblat, John Weston Smith, Robert Bowden and Graham Roberts each purchased 10 ordinary 25p shares in the Company at a price of 1268p per share under the 'Partnership' element of the Company's Share Incentive Plan. Accordingly, they were each awarded 20 'Matching' ordinary shares of 25p in the Company, at a price of 1268p per share.

The aggregate amount of gains made by directors on the exercise of share options was £2,621,487 (2005: £18,055). The aggregate value of distributions to directors in relation to the Restricted Share Plan was £4,409,968 (2005: £5,122,980).

The middle market quotation for the ordinary 25p shares of the Company at the close of business on 31 March 2006 was 1241p. The highest and lowest middle market quotations during the year to 31 March 2006 were 1300p and 791p.

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	Sir John Ritblat		John WestonSmith		Nicholas Ritblat		Robert Bowden	
				1 April 2005	31 March 2006	1 April 2005	31 March 2006	1 April 2005	31 August 2005*	1 April 2005	31 March 2006
23.01.96	394	23.01.99	22.01.06	132,418		60,092		11,244	11,244	103,450	
23.01.96	394	23.01.01	22.01.06	163,365		90,191		47,957	47,957		
				295,783		150,283		59,201	59,201	103,450	

* Date of cessation of office.

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

On 25 July 2005 Sir John Ritblat exercised his option over 295,783 shares and John Weston Smith exercised his option over 75,000 shares, all at an option price of 394p per share. The middle market quotation on 25 July 2005 was 856p per share. Sir John Ritblat continues to hold these shares, realising a notional gain of 462p per share. John Weston Smith sold these shares on the day of exercise, at a price of 860p per share, realising a gain of 466p per share.

On 2 September 2005 John Weston Smith exercised his option over 75,283 shares, at an option price of 394p per share. The middle market quotation on the date of exercise was 900p per share. The shares were sold on the day of exercise at a price of 898p per share, realising a gain of 504p per share.

On 5 September 2005 Nicholas Ritblat exercised his options over 30,000 shares, at an option price of 394p per share. The middle market quotation on the date of exercise was 909.5p per share. The shares were sold on the day of exercise at a price of 909.5p per share, realising a gain of 515.5p per share.

On 15 September 2005 Robert Bowden exercised his option over 103,450 shares, at an option price of 394p per share. The middle market quotation on the date of exercise was 899.5p per share. The shares were sold on the day of exercise at a price of 902.5p per share, realising a gain of 508.5p per share.

On 27 September 2005 Nicholas Ritblat exercised his option over 29,201 shares, at an option price of 394p per share. The middle market quotation on the date of exercise was 905.5p per share. The shares were sold on the day of exercise at a price of 908p per share, realising a gain of 514p per share.

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	Sir John Ritblat		John WestonSmith		Nicholas Ritblat		Robert Bowden		Graham Roberts	
				1 April 2005	31 March 2006	1 April 2005	31 March 2006	1 April 2005	31 August 2005*	1 April 2005	31 March 2006	1 April 2005	31 March 2006
01.03.04	472	01.03.07	31.08.07	1,954	1,954								
01.03.04	472	01.03.09	31.08.09			3,358	3,358						
22.12.04	648	01.03.08	31.08.08							1,462	1,462		
22.12.04	648	01.03.10	31.08.10					2,550				2,550	2,550
				1,954	1,954	3,358	3,358	2,550		1,462	1,462	2,550	2,550

* Date of cessation of office.

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. No options were granted to or were exercised by directors under the Sharesave Scheme during the year. 2,550 options granted to Nicholas Ritblat on 22 December 2004 lapsed on his cessation of office.

(iii) Restricted Share Plan

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

	Sir John Ritblat	John WestonSmith	Nicholas Ritblat	Robert Bowden	Graham Roberts
23.07.02 Grant	132,075	56,603	47,169	56,603	47,169
25.07.05 Grant*	66,037	28,301	23,584	28,301	23,584
25.07.05 Release*	(198,112)	(84,904)	(70,753)	(84,904)	(70,753)
31.03.06 Total**					
Distribution in year to 31.03.06***	£1,715,004	£734,992	£612,490	£734,992	£612,490
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 23 July 2002 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 23 July 2002 was 530p per share.

** Except for Nicholas Ritblat, whose total is at 31 August 2005, date of cessation of office.

*** The amounts distributed in the year to 31 March 2006 represent the market value of the grant which vested on 25 July 2005 together with dividends arising on the beneficial interests for the year ended 31 March 2006. On release John Weston Smith sold 59,904 shares, Robert Bowden sold 34,811 shares, Nicholas Ritblat sold 29,009 shares and Graham Roberts sold 29,009 shares, all at a price of 858.4072p per share. The middle market quotation of the ordinary 25p shares of the Company on 25 July 2005 was 856p 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 20).

(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				Sir John Ritblat		Stephen Hester		John WestonSmith		Nicholas Ritblat		Robert Bowden		Graham Roberts	
Date granted	Exercise price p	Earliest exercise date	Expiry date	1 April 2005	31 March 2006	1 April 2005	31 March 2006	1 April 2005	31 March 2006	1 April 2005	31 August 2005*	1 April 2005	31 March 2006	1 April 2005	31 March 2006
25.09.03	502	25.09.06	24.09.13	358,565	358,565			156,872	156,872	130,726	84,166	123,256	123,256	98,978	98,978
28.05.04	663	28.05.07	27.05.14	271,493	271,493			118,778	118,778	130,656	32,932	123,868	123,868	101,809	101,809
29.11.04	796	29.11.07	28.11.14			169,596	169,596								
31.05.05	877	31.05.08	30.05.15				153,933						69,441		84,663
				630,058	630,058	169,596	323,529	275,650	275,650	261,382	117,098	247,124	316,565	200,787	285,450
Performance Shares															
25.09.03				119,521	119,521			52,290	52,290	43,575	28,055	41,085	41,085	32,993	32,993
28.05.04				90,497	90,497			39,592	39,592	43,552	10,977	41,289	41,289	33,936	33,936
29.11.04						56,532	56,532								
31.05.05							51,311						46,294		28,221
				210,018	210,018	56,532	107,843	91,882	91,882	87,127	39,032	82,374	128,668	66,929	95,150

* Date of cessation of office.

On cessation of office the interests that Nicholas Ritblat held under the Long-Term Incentive Plan vested, subject to the attainment of the performance condition measured over the relevant shorter period and to a pro rata reduction in respect of the period from date of grant to date of cessation of office. Accordingly, 28,055 performance shares and options over 84,166 shares granted on 25 September 2003 vested and 10,977 performance shares and options over 32,932 shares granted on 28 May 2004 vested, with the remainder lapsing. On 31 May 2005 Nicholas Ritblat was awarded 35,559 performance shares and options over 106,676 shares, all of which lapsed.

On 4 November 2005 Nicholas Ritblat exercised his option over 32,932 shares, at an option price of 663p per share. The middle market quotation on the date of exercise was 938.5p per share. The shares were sold on the day of exercise at a price of 931p per share, realising a gain of 268p per share.

On 17 November 2005 Nicholas Ritblat exercised his option over 34,166 shares, at an option price of 502p per share. The middle market quotation on the date of exercise was 1013.5p per share. The shares were sold on the day of exercise at a price of 1001p per share, realising a gain of 499p per share.

On 14 February 2006 Nicholas Ritblat exercised his option over 50,000 shares at an option price of 502p per share. The middle market quotation on the date of exercise was 1198p per share. The shares were sold on the day of exercise at a price of 1191.5p per share, realising a gain of 689.5p per share.

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 20).

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 under the Restricted Share Plan are payable in accordance with their awards to employees. Dividends under the Long-Term Incentive Plan are retained by the Trust and are payable to employees only on the vesting of the employee's 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 vested one year after joining the Company, provided that he remained in employment. These shares were released on 14 November 2005 following completion of one year's employment. The middle market quotation of the ordinary 25p shares of the Company on 14 November 2005 was 970.5p per share.

(vi) Rollover options

On 17 August 2005 Patrick Vaughan was granted options over 190,662 shares at an option price of 387.4p per share, exercisable between 28 July 2006 and 23 August 2008. These options were granted in consideration for the surrender by Patrick Vaughan of options over 192,000 ordinary 10p shares of Pillar Property PLC, following the completion of the acquisition of Pillar by British Land on 28 July 2005. The terms of the option exchange were established by reference to the respective market values of British Land and Pillar shares on 27 July 2005.

Directors' pension benefits for the year ended 31 March 2006

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, which for the year amounted to £210,000 (2005: £80,649). The Company contributes a sum equal to 15% of Patrick Vaughan's basic salary to his individual 'money purchase' pension scheme. For the period from appointment to 31 March 2006 this amounted to £39,656.

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.

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 three 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* £
N S J Ritblat**	44	10,500	138,000	1,265,600	1,650,600	385,000
G C Roberts	47	3,900	15,000	126,900	204,100	77,200

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* £
G C Roberts	47	163,000	531,000	235,800	382,300	146,500

* See note (3b)

** Nicholas Ritblat left pensionable service on 31 August 2005. The increases in his accrued pension are for the period 1 April 2005 to 31 August 2005. The transfer values of his accrued pension at his date of leaving have been valued as at 31 August 2005 using assumptions based on market conditions as at 31 March 2006.

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 £
N S J Ritblat**	44	7,000	138,000	84,000	-	-	-	1,879
G C Roberts	47	3,600	15,000	49,300	163,000	531,000	117,400	5,076

* See note (3b)

**Nicholas Ritblat left pensionable service on 31 August 2005. The increases in his pension are for the period 1 April 2005 to 31 August 2005. They have been valued at 31 August 2005 using assumptions based on market conditions as at 31 March 2006.

Notes

- 1 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.
 - 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:
 - a Tax-approved 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 Scheme. Pensions are reduced to allow for their earlier payment.
 - d 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.
 - 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 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.
 - 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 1 June 2006.

Dr C Gibson-Smith Chairman of the Remuneration Committee

James Keir Hardie 1856–1915

Silver print, 1903, by John Furley Lewis

Keir Hardie was one of the greatest orators Parliament has ever known, and until such things were abolished in the 1990s he was a role model for aspiring socialist politicians. His credentials were impeccable – the illegitimate son of a servant, born in a one-roomed cottage, no formal education, worked in the mines as soon as he was old enough (seven). In 1880 he led a strike of Lanarkshire miners that catapulted him into trade unionism and radical journalism. By 1892, he was the country's first socialist MP; the following year he became chairman of the Independent Labour Party; from 1906 to 1908 he led the newly formed Parliamentary Labour Party. The road to Westminster and beyond was an awful 'lang hike for the laddie from Legbrannock.