

# Report of the Directors

The directors submit their Report and Accounts for the year ended 31 March 2008.

## Results and dividends

The results for the year are set out in the consolidated income statement on page 80.

The directors recommend the payment of a final dividend of 8.75 pence per share, payable on 15 August 2008 to ordinary shareholders on the register at the close of business on 18 July 2008. Further details on the Company's dividends can be found on the investor section of the Company's website at [www.britishland.com/investors](http://www.britishland.com/investors).

## Activities

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

## Business review

The information that fulfils the requirements for a business review can be found in the business review on pages 12 to 39, which is incorporated in this report by reference.

## Properties

Changes in properties during the year and details of property valuations at 31 March 2008 are shown in note 11 to the financial statements on page 89.

## Purchase of own shares

The Company was granted authority at the Annual General Meeting in 2007 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 purchase of its own shares during the year are shown on page 96. These share purchases have enhanced net asset value.

## Directors' interests in contracts

No contract existed during the year in relation to the Company's business in which any director was materially interested.

## Directors' liability insurance and indemnity

The Company has arranged insurance cover in respect of legal action against its directors. To the extent permitted by UK law, the Company also indemnifies the directors.

## Charitable donations

£36,010 (2007: £177,093) was donated during the year to a range of charities including those connected with education, the performing arts and charities local to where the Company has property interests. No contributions were made for political purposes (2007: £nil).

## Reappointment of directors

The directors listed on page 64 constituted the Board during the year, and also Michael Cassidy and Robert Bowden who retired from the Board on 13 July and 31 December 2007 respectively; and Clive Cowdery and John Travers were appointed directors on 10 May 2007. John Travers sadly passed away on 21 June 2007. Each director retires at the third AGM after the general meeting at which he was appointed. Stephen Hester and Graham Roberts offer themselves for re-election in accordance with the Articles.

Biographies can be found on page 64.

## Share capital

The Company has one class of share, all shares rank equally and are fully paid. There are neither restrictions on the transfer of shares nor on the size of a holding. There are no significant agreements to which the Company is party that take effect, alter or terminate upon a change of control of the Company.

The issued share capital has been increased since 1 April 2007 by fully paid issues as follows:

|  |   | No of ordinary shares of 25p |
|--|---|------------------------------|
| 10 April 2007, 9 July 2007, 9 October 2007 and 10 January 2008 | Shares in lieu of directors' fees                         | 6,724                        |
| 17 August 2007   | On exercise of Rollover Options                           | 154,913                      |
| 2 April 2007 to 3 March 2008                                   | On exercise of options under the Long-Term Incentive Plan | 666,807                      |
| 7 June 2007 to 31 March 2008                                   | On exercise of options under the Sharesave Scheme         | 63,279                       |

## Substantial interests

As at 19 May 2008 the Company had been notified of the following major interests in its issued ordinary share capital.

|  | No of shares (m) | % of issued capital |
|--|------------------|---------------------|
| Stichting Pensioenfonds ABP                                    | 21.4             | 4.18                |
| Legal and General Group PLC                                    | 21.1             | 4.13                |
| Government of Singapore Private Investment Corporation Limited | 20.6             | 4.03                |

**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 2008, there were 24 (2007: 26) suppliers' days outstanding.

**Financial instruments**

Details of the use by the Company and its subsidiaries of financial instruments can be found in the Financing Policy and Principal Debt Instruments section on pages 56 to 59.

**Auditors**

A resolution to reappoint Deloitte & Touche LLP as the Company's auditors and a resolution concerning their remuneration will be proposed at the forthcoming Annual General Meeting.

**Disclosure of information to Auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

**Share Incentive Plan**

All full-time and part-time employees, including executive directors, with more than 18 months' continuous service are eligible to participate in The British Land Share Incentive Plan ('SIP'), which is approved by the Inland Revenue under the terms of the Income Tax (Earnings and Pensions) Act 2003. Under this Plan participants receive an annual grant of ordinary shares of 25p each ('Free Shares'), and are also able to participate in a monthly purchase of ordinary shares ('Partnership Shares'), which British Land matches on a 2:1 basis ('Matching Shares'). Dividends on these shares are re-invested as 'Dividend Shares'. Shares under this Plan are generally released to the individual after five years. 1,190 'Free Shares' were allocated to the executive directors in August 2007. The executive directors have also purchased 638 'Partnership Shares' and been awarded 1,276 'Matching Shares' and 383 'Dividend Shares' in the year to 31 March 2008. All these shares are included in the total number of shares in which the executive directors have a beneficial interest shown on page 73.

**Sharesave Scheme**

Under The British Land Sharesave Scheme, executive directors and employees who have served the Company for at least 18 months may be offered options to purchase shares, tied to a savings contract, over a three or five year period. Options are held by approximately 200 employees and executive directors to purchase a total of 165,760 fully paid ordinary shares at prices of 359p, 383p, 472p, 648p, 701p, 804p, 1,007p, 1,122p and 1,236p per share, and normally exercisable during certain six month periods between 1 September 2008 and 28 February 2013. The options held by directors under this scheme are shown on page 74.

**Performance Share Schemes**

Details of the current Performance Share Plans in operation (Long-Term Incentive Plan, Fund Managers' Performance Plan and Matching Share Plan) can be found in the remuneration report on pages 74 to 76. However, from time to time the British Land Share Ownership Plan, a discretionary trust established to facilitate the operation of the Performance Share Schemes, holds shares to satisfy potential entitlements under these schemes. Voting on these shares is at the discretion of the Trustee.

**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.

In the United Kingdom separate pension fund reports are made available to members.

The Company maintains a policy of employing the best candidates available in every position, regardless of gender, ethnic group or background.

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 to 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 19 May 2008.

**Anthony Braine**  
Secretary