

Directors' remuneration introduction

Dear fellow shareholder,

I would like to introduce our Directors' remuneration report for 2009. Over the following pages we set out the principles and practice for Director remuneration, with information on what has been paid to whom and why. Throughout the report you will see a clear alignment between the rewards for Directors and the relative performance of the Company against a set of independent industry benchmarks. As a Board we strongly believe that a remuneration policy should be aligned to shareholders' interests and we are committed to operating with transparency; in line with this commitment we have provided a question and answer section with concise responses to some of the most common queries.



David Rough
Chairman, Remuneration Committee

Who serves on the Remuneration Committee?

The Committee is chaired by David Rough (Senior Independent Non-executive Director) who replaced Alison Carnwath as Chairman of the Committee upon her appointment as Chairman of the Company in November 2008. The other members are Alison Carnwath and independent Non-executive Directors Sir Stuart Rose and Bo Lerenius. The Human Resources Director provides information and advice to the Committee and takes independent advice from specialist advisors. The Chief Executive and Human Resources Director are invited to attend meetings but no Executive Director is involved in any decisions relating to their own remuneration.

What are the Company's principles in terms of remuneration for Directors?

Our pay and rewards should attract the best people to the business and incentivise them to produce superior returns for our shareholders. Therefore we believe we should reward people for achieving and exceeding Company targets. This is why a substantial part of our Executive Directors' reward is performance-related pay, with incentives to exceed industry benchmarks.

There are three key elements to the remuneration we provide:

- Salaries reflect an individual's consistent performance and contribution to the business, as defined and decided by the Remuneration Committee. We aim to pay salaries at a mid-market level. Please see page 74 for more details on basic salaries.
- Annual bonuses reward performance according to a set of key performance indicators, aimed at ensuring the Company delivers on its key priorities for the year. There is a bonus opportunity of up to 100% of basic salary and, at the Remuneration Committee's discretion, this can be increased to 130%. There is also an additional bonus opportunity of up to 200% of basic salary for exceptional performance. However, no Director may earn a bonus of more than 300% of basic salary in total. [Tables 52 and 53](#) on pages 74 and 75 set out the criteria for each type of bonus.
- Long-term Incentive Plan rewards for Directors are aligned with our long-term business objectives and the level of value created for shareholders. Please see pages 71 and 72 for more on long-term incentives.

Table 44

What was the Executive Directors' remuneration for 2008/09? (£'000)

	Salary and benefits	Annual bonuses
FW Salway	662	–
I D Ellis*	348	130
M R Hussey	450	–
R J Akers	388	–
M F Greenslade	429	–

*Resigned 12 January 2009

What were the Executive Directors paid this year?

The Executive Directors received only their base salary in the year. There were no bonus payments, except to Ian Ellis on the completion of the sale of Trillium, and there will be no pay rises.

Table 44 details the salaries and annual bonuses given to our Executive Directors this year.

Why are there no bonuses or salary increases for the Executive team this year?

Our standard policy is that annual bonuses are calculated according to specific criteria for each individual relating to aspects of performance that they can influence directly such as performance against an independent industry benchmark.

Salary levels are set according to market salary levels and the specific role of each Executive Director and are not linked to the Company's profits in any given year.

Relative performance meant that the Executive Directors would have been entitled to some bonus this year, however in view of the current market circumstances and its impact on the performance of the Company, the Board and the Remuneration Committee agreed that it would not be appropriate for the Executive Directors to receive salary increases or bonuses at the present time. Under the Long-term Incentive Plan (LTIP) the Executive Directors will qualify to receive a proportion of vested shares for meeting set performance conditions over the course of the relevant three year period in line with the Scheme's rules (see pages 71 and 72). Ian Ellis, who is no longer a Director of the Company, received a bonus as part of the sale process of Trillium.

Has that been applied across the Company?

We have awarded salary increases in the business but generally only to those employees on lower grades in the organisation where we felt it would be unfairly detrimental to their standard of living to receive no pay rise. The average of this increase was 1.1% across the Group.

With regard to bonuses, we have paid bonuses in the organisation but on a much smaller scale than recent years. This decision was taken because as a business we felt that despite the unprecedented market conditions that impacted the whole sector we need to retain and motivate our people and reward them for some excellent work in challenging circumstances. However, to reflect the current market circumstances and performance of the Group the overall bonus payment was 59% down against last year on a comparable basis after adjustment for the sale of Trillium.

How is share price performance factored into the Directors' remuneration?

It is factored in through the Long-term Incentive Plan and also through awarding part of the annual bonuses in the form of deferred shares which vest after three years. In addition, all Executive Directors must, within five years of joining the Board, own shares with a value of at least 1.5 x basic salary – and for the Chief Executive 2.0 x basic salary – to ensure their interests are aligned with those of shareholders.

How has the Rights Issue been reflected in the Executive Directors' share incentive awards?

As envisaged by the rules of the relevant schemes, awards held by all employees under the Group's share schemes were adjusted as part of the Rights Issue so that the value of their awards was maintained at a constant level. In the case of certain of these schemes, the adjustments were reviewed by the Group's auditors and approved by HM Revenue & Customs.

For the Executive Directors this meant that for any outstanding share option and LTIP Performance and Matching Shares there was an adjustment made to the number of shares and to the award or option price to reflect the impact of the rights. The value of the shares awarded following these adjustments remains equal to the value of the originally awarded shares.

With regard to pledged co-investment shares which the Executive Directors had to acquire prior to the granting of Matching Share awards, they were required to purchase the rights on their original purchased shares in the scheme in order to trigger the increase in the Matched Share award following the Rights Issue.

How much do you pay Non-executive Directors?

We pay a base fee and in 2007 this was set at £55,000 for two years. Non-executive Directors are paid further amounts for specific duties and responsibilities, such as chairing a Board committee, but are not paid additional fees for attending Board Committee meetings. Please see Table 55 for more information on what we paid our Non-executive Directors this year.

Directors' remuneration report

Compliance

This report has been prepared by the Remuneration Committee (the Committee) in accordance with Section 1 of the Combined Code on Corporate Governance, the Companies Act 1985, as amended by the Directors' Remuneration Report Regulations 2002 (the Regulations), and the Listing Rules of the Financial Services Authority. In accordance with the Regulations, this report has been approved by the Board and will be submitted to shareholders for approval at the Annual General Meeting to be held on 16 July 2009.

PricewaterhouseCoopers LLP has audited [Tables 55, 56, 57, 59 and 60](#) and associated footnotes.

Members of the Committee

The Committee was chaired by Alison Carnwath between 1 April 2008 and 12 November 2008 and thereafter was chaired by David Rough. The other members of the Committee are Alison Carnwath (Chairman of the Board who was an independent Director at the time of her appointment as Chairman), and independent Non-executive Directors Sir Stuart Rose and Bo Lerenius. Details of the membership of the Committee throughout the year to 31 March 2009 are as follows:

David Rough – Chairman from 12 November 2008
 Alison Carnwath – Chairman to 12 November 2008
 Paul Myners – resigned on 3 October 2008
 Sir Winfried Bischoff – retired on 1 April 2008
 Sir Stuart Rose
 Bo Lerenius

Responsibilities of the Committee

The key responsibilities of the Committee take full account of the recommendations contained within the Combined Code and include the following:

- To determine and recommend to the Board an overall strategy for the remuneration of the Chairman, Executive Directors and senior managers
- To determine and recommend to the Board the individual remuneration packages for the Chairman (who is not present when her own remuneration is discussed), Executive Directors and senior managers
- To oversee any significant changes to employee benefits, including pensions
- To approve the design of and targets for performance-related incentive schemes
- To oversee the operation of all incentive schemes, including the award of incentives, and to determine whether performance criteria have been met.

You can see the Committee's terms of reference at www.landsecurities.com

2008/09 Directors' remuneration

Executive Directors' remuneration comprises:

- Fixed pay, including basic salary, together with pension payments/contributions and benefits in kind; and
- Variable pay, comprising:
 - annual bonus
 - long-term incentives.

Advisors to the Committee

The Human Resources Director, Angela Williams, provides information and advice to the Committee. The Committee has appointed and receives advice from Hewitt New Bridge Street (HNBS) and also makes use of various published surveys to help determine appropriate remuneration levels. HNBS has no other connection with the Group.

The Chief Executive and Human Resources Director are invited to attend meetings of the Committee but no Director is involved in any decisions relating to their own remuneration.

As detailed in the Corporate Governance report on page 65, the Committee's performance is reviewed annually by the Chairman with the assistance of the Company Secretary.

Remuneration policy and philosophy

The Group's remuneration policy seeks to provide remuneration in a form and amount to attract, retain and motivate high quality management, recognising that the Group operates in a competitive market for talent. Emphasis is placed on delivering superior reward for achieving and exceeding the Group's business plan. A substantial proportion of the Executive Directors' remuneration is delivered through performance related pay. Executive Directors have substantial incentives to outperform industry performance benchmarks.

A summary of the principal components of Executive Directors' remuneration is set out below. [Chart 45](#) illustrates the balance between fixed and variable pay at the target and maximum performance levels, assuming maximum participation in the Long-term Incentive Plan (LTIP). This information reflects the policy that operated during the year under review and there was no change in the balance between fixed and variable pay during that period.

The Group's remuneration policy is reviewed regularly, along with the balance between fixed and variable pay, to ensure that it remains appropriate and recognises developments in corporate governance best practice. Performance targets are set to align with Group strategic objectives and key performance indicators (KPIs) as outlined on page 9. [Tables 52 and 53](#) show how these elements are aligned.

During 2008/09, no changes were made either to the bonus arrangements or to the share incentive plans for Executive Directors. For LTIP grants made from June 2009, the Remuneration Committee has decided to make some changes to vesting conditions to improve alignment of executive incentives with shareholder interests. Previously, EPS growth has governed the vesting of half the LTIP grant. However, following Trillium's departure from the Group, the EPS measure is less relevant, and will be replaced by a relative Total Shareholder Return (TSR) measure. Specifically, Land Securities' three-year TSR performance (share price increase plus reinvested dividends) will be compared against the TSR performance of an index of a comparator group of FTSE 350 Real Estate Companies, weighted based on their market cap at the beginning of the performance period. If Land Securities' TSR performance is below this index, this portion of the LTIP grant will lapse in full. If Land Securities matches the index, 30% of this

Chart 45

What was the balance of fixed versus variable pay? (%)

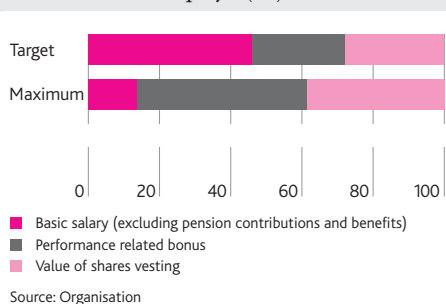
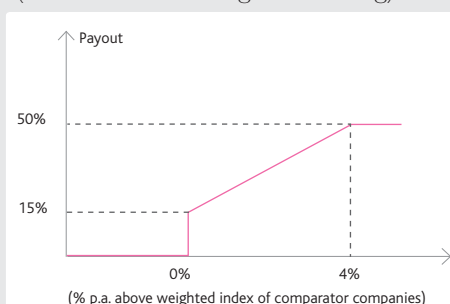


Chart 46

TSR Performance Condition (% of overall LTIP grant vesting)



portion (i.e., 15% of the overall grant) will vest. Full vesting will occur if Land Securities' TSR beats the index by 4% per annum or more, with straight-line vesting in between these points. [Chart 46](#) shows the vesting range.

The Committee may amend the list of comparator companies in the Sector Index, and relative weightings, if circumstances make this necessary (for example, as a result of takeovers or mergers of comparator companies or significant changes in the composition of the Group).

Vesting conditions for the other half of the LTIP grant, based on Total Property Return (TPR) performance relative to a weighted TPR benchmark, are unchanged.

Basic salary

Executive Directors receive a salary which reflects their responsibilities, experience and performance. Salaries are reviewed annually with any changes taking place in July. The review process includes the use of comparator information and reports from the Group's remuneration consultants.

The Group's policy is to set salary around the mid-market rate, but the Committee is mindful of the need to treat pay comparisons with caution to avoid an upward ratchet of remuneration levels with no corresponding improvement in performance. The Committee also takes account of pay and employment conditions across the Group, especially when determining annual salary increases. After taking account of market conditions, the Committee decided that the Executive Directors should not receive a salary increase to take effect from 1 July 2009.

The current salaries of the Executive Directors are as shown in [Table 51](#).

Annual bonus

During the year under review, the Executive Directors had individually tailored annual bonus performance targets that provided the potential to earn up to 300% of base salary.

The annual bonus opportunity was structured in two distinct parts:

- Bonus Opportunity: up to 100% of salary
The performance targets that applied to this part of the Executive Directors' annual bonus opportunity are set out in [Table 52](#).

The Committee calibrates the bonus targets so that the achievement of a maximum payout under this part of the bonus arrangements would represent performance in excess of the Group budget and individual targets. 25% of any bonus award is compulsorily deferred into the Company's shares for a period of three years and receives a Matching Award under the terms of the LTIP (see below).

- Additional Bonus Opportunity: up to 200% of salary
This part of Executive Directors' annual bonus opportunity is intended to reward exceptional performance and value creation for shareholders. The performance targets that applied during 2007/08 are set out in [Table 53](#).

TPR was chosen as a performance measure for the investment portfolio element of the business because it is used both internally and externally within the property sector for measurement of relative performance.

The Committee calibrated the bonus targets that applied to this part of the Executive Directors' bonus opportunity so that the performance required was above that required for bonuses of up to 100% of salary. To provide some context as to the challenging nature of the performance targets, the TPR conditions are based on more than 10 years of historic data and require TPR performance to fall broadly within the top 30th percentile of each relevant Investment Property Databank (IPD) performance benchmark if any additional bonus is to be earned. Any payout for beating the IPD benchmark by more than 2% is conditional upon the relative performance in that year and the prior year exceeding the IPD benchmark.

For example:

- In year one performance is 1% below the IPD benchmark
- In year two performance is 3% above the IPD benchmark
- Payout for year two is based on performance in that year as the aggregate performance over the two years is at least equal to the benchmark.

The Committee considers this approach provides a greater individual incentive than targets recalibrated annually based on historic performance. The Committee's objective in introducing the additional bonus was to encourage a striving for material outperformance every year.

Half of any bonus earned between 100% and 300% of salary is compulsorily deferred into the Company's shares for a period of three years which is considered highly retentive. Any deferral under this part of the annual bonus arrangements is not the subject of a matching award under the LTIP.

Executive Directors have also been eligible to participate in a discretionary bonus pool for all employees which, if applicable, is normally in the range of 5-30% of salary. Discretionary bonus awards of up to 50% of salary may be granted in exceptional circumstances within the maximum of 130% of base salary for total annual bonus (excluding the additional bonus for exceptional performance). Such discretionary bonus payments are subject to an overall cap of £500,000 for payments to all Executive Directors in any one year. It remains the Committee's intention not to pay aggregate annual bonuses in excess of 300% of salary.

After taking into account market conditions and the share price performance of the Group, the Committee determined that no bonus payments should be made to the Executive Directors in respect of the financial year to 31 March 2009, with the exception of Ian Ellis who received a bonus in connection with the sale of Trillium.

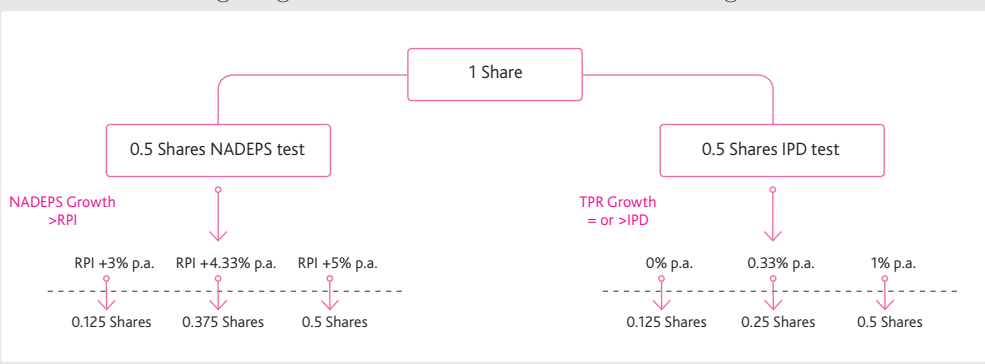
The actual total bonus payouts, inclusive of the additional bonus opportunity described above, that were earned in respect of the financial year ended 31 March 2008 are set out in [Table 54](#).

Long-term incentives

Executive Directors participate in the Long-term Incentive Plan (LTIP) approved by Shareholders in 2005. The LTIP replaced the share option scheme approved in 2002 and also replaced, from 2006/07, the performance share matching plan, also approved in 2002. No changes were made to the operation of the LTIP in 2008/09. There is no retesting in relation to long-term incentives for Executive Directors.

The LTIP consists of the facility to make annual awards of Performance Shares and Matching Shares.

Chart 47
What is the vesting range for LTIP Performance and Matching Shares?



LTIP Performance Shares

In the year under review, Executive Directors were eligible to receive conditional awards of shares of up to 100% of salary [Table 57](#).

LTIP Matching Shares

Matching share awards are linked to co-investment by participants in shares [Table 57](#).

A Director's investment can be made through the deferral of an annual bonus award (with the maximum permitted investment by this means of 25% of base salary). Investment can also be made through the pledging of shares purchased in the market. Such additional investment is permitted to bring the Director's total investment to 50% of base salary (for this purpose the value of pledged shares is taken as the amount of gross salary that would have been required to fund the purchase of the shares). Accordingly, Executive Directors are eligible to receive a matching award of shares under the LTIP which is made at a ratio of up to two for one on a gross to net tax basis (up to 100 shares for every 30 purchased out of net income). The maximum Matching Share award is over shares with a value of 100% of salary.

Awards of LTIP Performance Shares and Matching Shares are subject to the same performance conditions measured over three years. Half of any award will vest based on achieving increases in Normalised Adjusted Diluted Earnings Per Share (NADEPS). The other half will vest dependent on the Group's TPR equalling, or exceeding, IPD weighted indices that reflect the sector mix of Land Securities' investment portfolio. The targets:

- NADEPS target
 - Growth of RPI + 3% per annum – 12.5% of the award vests;
 - Growth of RPI + 5% per annum – 50% of the award vests; and
 - Straight-line vesting occurs between these points.
- TPR target
 - Performance equal to the sector weighted IPD index – 12.5% of the award vests
 - Performance equal to the sector weighted IPD index plus 1% per annum – 50% of the initial award vests
 - Straight-line vesting occurs between these points.

An overview example of the vesting range is shown in [Chart 47](#).

The maximum number of shares which could potentially vest as a result of historic long-term incentive awards and the number of shares which vested in the financial year are shown in [Table 57](#). The Group's policy is to use market-purchased shares to satisfy the vesting of LTIP Performance and Matching Shares and for Deferred Share Awards. Future awards are partially hedged through on-market share purchases by an Employee Benefit Trust which held 887,914 shares at 31 March 2009.

While awards of LTIP Performance and Matching Shares are normally made in July of each year, as a consequence of the Executive Directors being 'insiders' and prohibited from being granted share awards until the conclusion of the Rights Issue in March 2009, such awards were not made to

the Executive Directors until 30 March 2009. Notwithstanding the considerable fall in the Company's share price between July 2008 and March 2009, the Committee decided that the awards made in March 2009 should be based on the share price prevailing in July 2008 (as adjusted for the Rights Issue in March 2009) in order to maintain a consistent approach and comparability with employees below Board level who were granted share awards in July 2008.

Share options

Land Securities has historically operated share option arrangements for Executive Directors. Vesting of share options was subject to performance tests and was dependent on growth in NADEPS exceeding RPI by at least 2.5% per annum. Following the adoption of the LTIP in 2005/06, no further awards of share options have been made to the Executive Directors.

For grants made over the period 2000 to 2004, the Committee determined that the required level of increase in NADEPS was achieved and as a result the executive share options granted during that period are exercisable in full. Directors' options over ordinary shares are shown in [Table 60](#).

Directors' emoluments

[Tables 55 and 56](#) set out Directors' emoluments for the year under review and the financial year ended 31 March 2008. The basis of disclosure is on an 'accruals' basis, that is the annual bonus and Deferred Bonus Shares columns include the amount that will be paid and awarded respectively for performance achieved in the financial year under review. The Performance Shares 2007/08 column includes the value of Performance Shares which vested in July 2008 as a result of performance measured over a three year period ended 31 March 2008.

Ian Ellis resigned from the Board upon the sale of Trillium on 12 January 2009. Under the terms of the Company's share incentive schemes, which provide for cases where a participant's employment is with a company or business which is sold or transferred outside the Group, he received the following:

- Shares with a market value of £367,025 as a consequence of the early vesting of awards made in 2006 and 2007 of LTIP Performance Shares and LTIP Matching Shares under the LTIP. These awards were subject to pro-rating in respect of the relevant performance conditions and to time pro-rating to the next six month anniversary from the date of the grant, as specified by the rules of this Plan
- Shares with a market value of £534,632 awarded under the Deferred Bonus Plan as a consequence of the early vesting of these awards – the value has previously been disclosed in the Directors' emoluments table in the year of award
- A cash amount of £87,176 in respect of deferred shares which would have been awarded in July 2008, if the Company has not been precluded from granting such awards as a consequence of the Directors being 'insiders' between July 2008 and January 2009. This amount was previously disclosed under the heading of Deferred bonus shares in 2007/08.

In addition, the Committee determined that a bonus of £130,410 representing 30% of salary should be paid to Ian Ellis in recognition of his role in securing a sale of Trillium in extremely challenging market conditions.

Pensions

The Company operates a contributory money purchase pension scheme which was introduced for all staff joining the Group from 1 January 1999. Prior to the introduction of the contributory money purchase arrangement the Company provided pension benefits on a defined benefit basis.

Following a review of pension provision in light of the tax changes that came into effect from 1 April 2006, it was decided that Executive Directors would continue to be entitled to a pension benefit that is equivalent to 25% of their base salary. Executive Directors have the flexibility to determine how this 25% of salary benefit is used, as follows:

- Pension contributions may be made into the Land Securities contributory money purchase scheme up to the personal level that is advised plus a cash contribution on the balance
- 25% cash payment on base salary to invest outside Land Securities pension arrangements

Richard Akers participates in a defined benefit pension scheme [Table 59](#) which was open to property management and administration staff until 31 December 1998. This scheme is designed to provide, at normal retirement age, a pension of 1/60th of Pensionable Salary for each year of pensionable service. The scheme also provides lump sum death-in-service benefits on death before normal retirement age of four times Pensionable Salary and pension provision for dependants of members. Only basic salary is treated as Pensionable Salary. The benefits provided to Richard Akers are based on a Pensionable Salary which is subject to the statutory earnings cap. With effect from 1 April 2006 the defined benefit pension scheme has moved to future accrual on a 'CARE' (Career Average Revalued Earnings) basis on either a 1/80th accrual or 1/60th accrual subject to employee contributions. Richard Akers chose to accrue benefits on a 1/60th basis with employee contributions of 1% of basic salary in 2006, 3% of basic salary in 2007 and 5% of basic salary thereafter.

The balance of Richard Akers' pension allowance is paid to him to invest outside Land Securities pension arrangements.

As disclosed in last year's Directors' remuneration report, the changes made to pension provision in 2006/07 did not provide a tax advantage to Executives and the changes made were cost neutral to the Company.

Non-executive Directors

The annual fees of the Chairman of the Board are determined by the Committee having regard to independent advice. The other Non-executive Directors each receive a fee agreed by the Board following a review of fees paid by comparable organisations. The Board also takes into account the time commitments of the Non-executive Directors, which are reviewed annually as part of the Board appraisal process. No increases in the base Non-executive Directors' fees were awarded during the

year under review since as part of a review of such fees in 2006/07 it was agreed to maintain the level of fees for a period of two years. The base Non-executive Directors' fee remained at £55,000. No additional fees are payable for attendance at Board or Committee meetings or for membership of Board Committees, but the additional fees outlined below are payable in respect of specific responsibilities:

Chair of Audit Committee	£17,500
Chair of Remuneration Committee	£12,500
Senior Independent Director	£7,500

Sir Christopher Bland served as Non-executive Chairman of Trillium until its sale on 12 January 2009 and received additional fees of £100,000 per annum in respect of that role. Neither the Chairman nor the other Non-executive Directors receive any pension benefits from the Company, nor do they participate in any bonus or incentive schemes. Non-executive Directors are appointed under letters of appointment which provide for an initial term of service of three years. A specimen letter of appointment is available on the Company's website at www.landsecurities.com. The dates of the current letters of appointment of the Non-executive Directors are shown in [Table 48](#).

The appointment of the Non-executive Directors can be terminated upon one month's notice while the appointment of the Chairman can be terminated upon three months' notice.

Table 48 When were the Non-executive Directors appointed?

Name	Date of appointment*	Date of current letter of appointment
D Rough	2 April 2002	29 April 2004
Sir Stuart Rose	21 May 2003	29 April 2004
B A Lerenius	1 June 2004	6 May 2004
A J Carnwath	1 September 2004	13 November 2008
Sir Christopher Bland	1 April 2008	9 April 2008
K O'Byrne	1 April 2008	9 April 2008

*Date of appointment to the Board of Land Securities Group PLC or its predecessor company, Land Securities PLC.

Service agreements

The Committee's policy on service agreements for Executive Directors is that they should provide for 12 months' rolling notice of termination by the Company. As a result, the unexpired term and the notice periods (both from the Company and from the Executive Director) are 12 months and there are no service contracts with provisions for predetermined compensation on termination which exceeds 12 months' salary and benefits in kind. Any proposals for the early termination of the service agreements of Directors or senior executives are considered by the Committee.

The dates of appointment and the dates of the service agreements of the Executive Directors are in [Table 49](#).

Table 49 When were the Executive Directors appointed to the Board?

Name	Date of appointment*	Date of contract
FW Salway	2 April 2001	31 May 2001
M F Greenslade	1 September 2005	1 September 2005
M R Hussey	30 September 2004	1 January 2006
R J Akers	17 May 2005	17 May 2005

*Date of appointment to the Board of Land Securities Group PLC or its predecessor company, Land Securities PLC.

The service agreements of the Executive Directors provide for phased payments of amounts payable on termination, in order to mitigate amounts potentially payable by the Company. Bonus, LTIP, redundancy and outplacement payments are considered by the Committee and are dependent on the circumstances of leaving and the rules of the relevant bonus and incentive schemes.

The Chairman and the other Non-executive Directors do not have service agreements with the Company.

Board approval is required before any external appointment may be accepted by an Executive Director. Any fees earned in relation to outside appointments are retained by the Executive Director.

Directors' shareholdings

The interests of the Directors in the shares of the Company as at 31 March 2009 are shown in [Table 58](#).

There have been no changes in the shareholdings of the Directors between the end of the financial year and 12 May 2009, save that on 30 April 2009 Alison Carnwath acquired 170 shares under the Company's Dividend Reinvestment Plan.

No Director had any other interests in contracts or securities of Land Securities Group PLC or any of its subsidiary undertakings during the year.

Shareholding guidelines

The Committee believes that it is important for a significant part of the compensation of each Executive Director to be tied to ownership of the Company's shares so that each Executive Director's interest in the growth and performance of the Company is closely aligned with the interests of our shareholders. The Committee has, therefore, established share ownership guidelines for the Company's Executive Directors.

These guidelines require the Chief Executive to own shares with a value equal to twice his base salary and for other Executive Directors to own shares with a value equal to 1.5 times their base salary. An Executive Director must normally satisfy the guidelines within five years of his date of appointment or the date of introduction of this requirement in order to qualify for future awards of long-term incentives.

In May 2007, the Committee determined that Francis Salway had met the revised share ownership guidelines and in May 2008 the Committee agreed that Mike Hussey had met the revised guidelines. The Committee continues to monitor the other Executive Directors' progress against the guidelines on an annual basis.

In addition, Non-executive Directors are required to own shares with a value equal to their annual fees within three years of the date of their appointment.

Information regarding senior managers below Board level

The Group currently employs 20 senior managers in positions below Board level. None of these senior managers is paid at a rate higher than the Executive Directors and the structure of their remuneration package, including bonuses, is broadly consistent with that of Executive Directors. The senior managers are not eligible to participate in the additional bonus opportunity (that is above 100% of salary) for the delivery of exceptional financial returns described in this report but they are eligible to participate in the discretionary bonus pool of up to 50% of salary. During the year under review, bonuses for this group of employees ranged from 16% to 54% of salary, with an average bonus of 27% of salary.

Performance graphs

As required by legislation covering the Directors' remuneration report, [Chart 50](#) illustrates the performance of the Company measured by total shareholder return (share price growth plus dividends paid) against a 'broad equity market index' over a period of five years. As the Company is a constituent of the FTSE All Share Real Estate sector this index is considered to be the most appropriate benchmark for the purposes of the graph.

The Committee also considered that it would be helpful to provide an additional line to illustrate performance compared with the FTSE 100 index over the previous five years of the Company [Chart 50](#).

Signed for and on behalf of the Board by



David Rough
Chairman, Remuneration Committee

Chart 50

Historical TSR performance.
A hypothetical £100 holding over five years

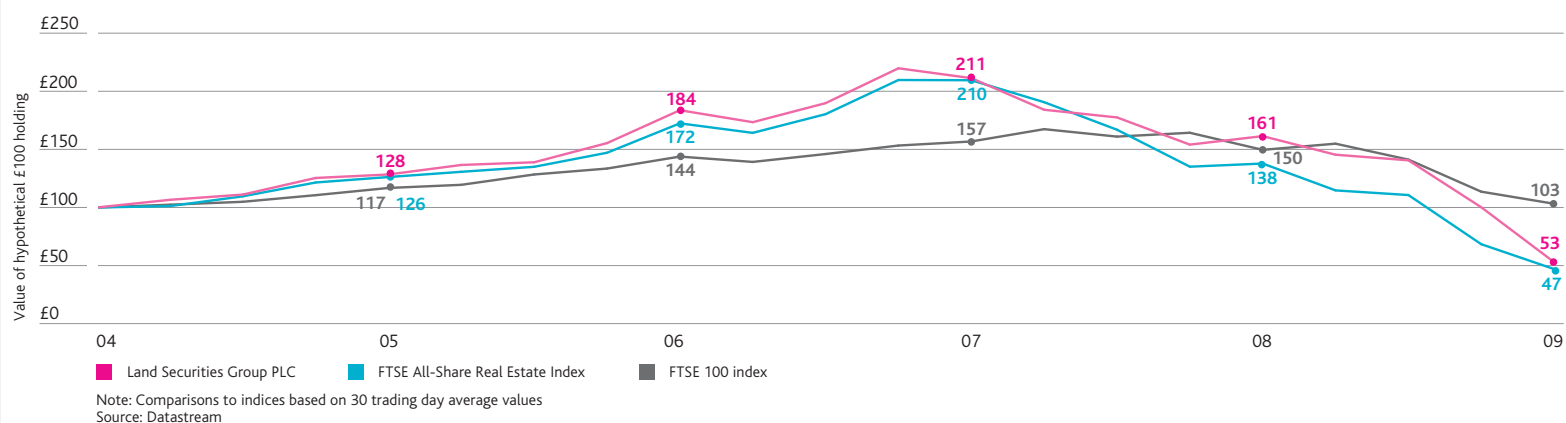


Table 51

What are the Executive Directors' salaries?

	Current	From 1 July 2009
F W Salway	£645,000	£645,000
M F Greenslade	£414,000	£414,000
M R Hussey	£434,700	£434,700
R J Akers	£372,600	£372,600

Table 52

What were the criteria for the Directors' 2008/09 bonuses?

F W Salway	—Total returns in excess of WACC	Group profit	Performance of all business units	Disposal programme
M F Greenslade	—Total returns in excess of WACC	Group profit	Performance of Group support functions	Trillium disposal
M R Hussey	—Total returns in excess of WACC	Group profit	Investment performance	Business unit revenue profit
R J Akers	—Total returns in excess of WACC	Group profit	Investment performance	Business unit revenue profit

Table 53

What were the targets for the Directors' additional bonus opportunities?

Executive Directors	Performance measures and range	Additional bonus
Managing Director of the Retail Portfolio	2%–4% outperformance of the relevant Retail business total property return (TPR) Benchmark ¹	0%–200%
Managing Director of the London Portfolio	2%–4% outperformance of the relevant London business total property return (TPR) Benchmark ¹ . Delivery of major office lettings at Ebbsfleet Valley, Kent ²	0%–200%
Finance Director	Effective delivery of demerger or, if higher, aggregated performance of London and Retail Businesses relative to the above measures	0%–200%
Chief Executive	50% on effective delivery of demerger and 50% on aggregated performance of London and Retail Businesses relative to the above measures or, if higher, wholly on the latter measure	0%–200%

1. The relevant sector benchmarks are provided by IPD and relate to ungeared total property return (reflecting the increase in the value of all assets plus income streams arising from those assets in the year). IPD benchmarks are generally acknowledged as the industry standard.

2. Applies only to major office lettings in excess of 4,600m² at Ebbsfleet Valley, Kent, subject to profitability criteria.

Table 54

What annual bonus was each Director awarded?

Executive Directors	% of year end salary	
	Total bonus earned 2008/09	Total bonus earned 2007/08
Chief Executive	0	212
Group Finance Director	0	210
Managing Director of the Retail Portfolio	0	275
Managing Director of the London Portfolio	0	285

Table 55

What emoluments did Directors receive? (£'000) (audited)

	Basic salary and fees	Benefits ¹	Bonuses		Deferred bonus shares ²		Total emoluments excluding pensions	
	2008/09	2008/09	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
Executive:								
F W Salway	640	22	–	791	–	535	662	1,967
I D Ellis ³ (resigned 12 January 2009)	334	14	130	451	–	87	478	969
M R Hussey	431	19	–	686	–	509	450	1,627
R J Akers	369	19	–	563	–	428	388	1,365
M F Greenslade	411	18	–	501	–	340	429	1,243
	2,185	92	130	2,992	–	1,899	2,407	7,171
Non-Executive:								
D Rough	77	–	–	–	–	–	77	77
W F W Bischoff (retired 1 April 2008)	–	–	–	–	–	–	–	65
S A R Rose	55	–	–	–	–	–	55	55
B A Lerenius	55	–	–	–	–	–	55	55
A J Carnwath ⁷ (appointed Chairman on 12 November 2008)	155	–	–	–	–	–	155	55
P Myners ⁸ (resigned 3 October 2008)	128	51	–	–	–	–	179	360
C Bland	133	–	–	–	–	–	133	–
R Haythornthwaite (resigned 5 February 2009)	47	–	–	–	–	–	47	–
K O'Byrne	59	–	–	–	–	–	59	–
	2,894	143	130	2,992	–	1,899	3,167	7,838

- Notes:
- Benefits consist of the provision of a company car or car allowance, private medical insurance and life assurance premiums.
 - Deferred bonus shares represent the value ascribed to shares awarded under the Deferred Bonus Plan.
 - Ian Ellis received fees of £29,810 from Rok plc in respect of his Non-executive Directorship of that company.
 - Pensions of £67,902 (2008: £61,902) resulting from unfunded historic benefit obligations were paid to former Directors or their dependants.
 - The Performance Share award for 2007/08 represented the value of shares that vested as a result of performance targets satisfied during the year to 31 March 2008.
 - For awards made under the Performance Share Matching Plan, vesting of awards is equally dependent on the growth in EPS (defined to be normalised adjusted diluted EPS (NADEPS)) and TPR measured over a three year period. 25% of the total award vests for NADEPS growth of 2.5% p.a. rising on a straight-line basis to 50% of the total award vesting for achieving NADEPS of 4% p.a. The remaining half of an award vests, dependent on the Company's TPR equalling, or exceeding, the IPD All Fund Universe Index over a rolling three year period.
 - Alison Carnwath will receive a salary of £300,000 per annum for her role as Chairman of the Company.
 - From 1 April 2007, the Company agreed to assume, from Marks and Spencer Group plc, the cost of supplying a driver (including all employment costs) and fleet vehicle for Paul Myners. For 2008/09, the cost of this arrangement to the Company was £51,187.

Table 56

What emoluments did Directors receive? (£'000) (audited)

	Pensions		Performance shares vested ⁴		LTIP and matching shares vested ⁵		Gain on exercise of share options	
	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
Executive:								
F W Salway	160	155	—	315	270	601	—	—
I D Ellis ³ (resigned 12 January 2009)	83	103	—	260	367	366	—	—
M R Hussey	108	103	—	217	169	355	—	—
R J Akers	98	97	—	122	122	298	—	—
M F Greenslade	103	96	—	—	160	652	—	—
	552	554	—	914	1,088	2,272	—	—
Non-Executive:								
D Rough	—	—	—	—	—	—	—	—
W F W Bischoff (retired 1 April 2008)	—	—	—	—	—	—	—	—
S A R Rose	—	—	—	—	—	—	—	—
B A Lerenius	—	—	—	—	—	—	—	—
A J Carnwath (appointed Chairman on 12 November 2008)	—	—	—	—	—	—	—	—
P Myners ⁶ (resigned 3 October 2008)	—	—	—	—	—	—	—	—
C Bland	—	—	—	—	—	—	—	—
R Haythornthwaite (resigned 5 February 2009)	—	—	—	—	—	—	—	—
K O'Byrne	—	—	—	—	—	—	—	—
Total	552	554	—	914	1,088	2,272	—	—

Notes:

- Benefits consist of the provision of a company car or car allowance, private medical insurance and life assurance premiums.
- Deferred bonus shares represent the value ascribed to shares awarded under the Deferred Bonus Plan.
- Ian Ellis received fees of £29,810 from Rok plc in respect of his Non-executive Directorship of that company.
- The Performance Share award for 2007/08 represented the value of shares that vested as a result of performance targets satisfied during the year to 31 March 2008.
- For awards made under the Performance Share Matching Plan, vesting of awards is equally dependent on the growth in EPS (defined to be normalised adjusted diluted EPS (NADEPS)) and TPR measured over a three year period. 25% of the total award vests for NADEPS growth of 2.5% p.a. rising on a straight-line basis to 50% of the total award vesting for achieving NADEPS of 4% p.a. The remaining half of an award vests, dependent on the Company's TPR equalling, or exceeding, the IPD All Fund Universe Index over a rolling three year period.
- From 1 April 2007, the Company agreed to assume, from Marks and Spencer Group plc, the cost of supplying a driver (including all employment costs) and fleet vehicle for Paul Myners. For 2008/09, the cost of this arrangement to the Company was £51,187.

Pensions of £67,902 (2008: £61,902) resulting from unfunded historic benefit obligations were paid to former Directors or their dependants.

Table 57

What LTIP and Matching Shares were awarded and vested this year?*(audited)

	Cycle ending	Award date	Market price at award date (p) [†]	Shares awarded	Shares vested	Market price at date of vesting (p)	Vesting date
F W Salway							
—LTIP shares	2008	29/07/05	1393	40,464	40,464	1177	29/07/08
	2009	29/06/06	1592 [†]	33,063 [†]	—	—	29/06/09
	2010	29/06/07	1560 [†]	40,070 [†]	—	—	29/06/10
	2012	30/03/09	1095 [†]	58,914 [†]	—	—	30/03/12
—Matching shares	2009	31/07/06	1778 [†]	33,628 [†]	—	—	31/07/09
	2010	31/07/07	1527 [†]	34,358 [†]	—	—	31/07/10
	2012	30/03/09	1095 [†]	23,434 [†]	—	—	30/03/12
M R Hussey							
—LTIP shares	2008	29/07/05	1393	23,927	23,927	1177	29/07/08
	2009	29/06/06	1592 [†]	21,722 [†]	—	—	29/06/09
	2010	29/06/07	1560 [†]	26,926 [†]	—	—	29/06/10
	2012	30/03/09	1095 [†]	39,705 [†]	—	—	30/03/12
—Matching shares	2009	31/07/06	1778 [†]	20,136 [†]	—	—	31/07/09
	2010	31/07/07	1527 [†]	27,146 [†]	—	—	31/07/10
	2012	30/03/09	1095 [†]	16,208 [†]	—	—	30/03/12
R J Akers							
—LTIP shares	2008	29/07/05	1393	20,056	20,056	1177	29/07/08
	2009	29/06/06	1592 [†]	13,656 [†]	—	—	29/06/09
	2010	29/06/07	1560 [†]	23,079 [†]	—	—	29/06/10
	2012	30/03/09	1095 [†]	25,525 [†]	—	—	30/03/12
—Matching shares	2009	31/07/06	1778 [†]	16,550 [†]	—	—	31/07/09
	2010	31/07/07	1527 [†]	21,090 [†]	—	—	31/07/10
	2012	30/03/09	1095 [†]	12,330 [†]	—	—	30/03/12
M F Greenslade							
—LTIP shares	2008	28/09/05	1471	22,679	22,679	1285	28/09/08
	2009	29/06/06	1592 [†]	20,764 [†]	—	—	29/06/09
	2010	29/06/07	1560 [†]	25,644 [†]	—	—	29/06/10
	2012	30/03/09	1095 [†]	37,815 [†]	—	—	30/03/12
—Matching shares	2008	30/09/05	1479	16,666	16,666	1250	30/09/08
	2008	01/06/06	1621 [†]	5,057 [†]	—	—	01/06/09
	2009	31/07/06	1778 [†]	18,692 [†]	—	—	31/07/09
	2010	31/07/07	1527 [†]	23,000 [†]	—	—	31/07/10
	2012	30/03/09	1095 [†]	14,654 [†]	—	—	31/03/12

*Subject to performance tests (see page 72).

[†] As adjusted for the Rights Issue in March 2009.

Table 58

What interests in shares do Directors have?

	Ordinary shares		Deferred shares		LTIP performance shares**		Matching shares**	
	2009	2008	2009	2008	2009	2008	2009	2008
F W Salway	208,568	85,310	66,228	26,016	132,047	106,363	91,420	61,262
M R Hussey	101,487	34,957	70,703	28,780	88,353	67,764	63,460	42,606
D Rough	18,524	11,400	—	—	—	—	—	—
S A R Rose	16,250	10,000	—	—	—	—	—	—
B A Lerenius	29,250	18,000	—	—	—	—	—	—
A J Carnwath	116,926	68,620	—	—	—	—	—	—
R J Akers	68,715	23,058	46,901	10,989	62,260	53,159	49,970	33,918
M F Greenslade	60,542	14,045	38,680	6,546	84,223	64,497	61,403	58,793
C Bland	16,250	—	—	—	—	—	—	—
K O'Byrne	1,625	—	—	—	—	—	—	—

**Subject to performance conditions (see page 72)

Table 59

Defined benefit pension scheme (audited)

	Accrued benefit at 31/03/09 £	Increase in accrued benefits excluding inflation £	Increase in accrued benefits including inflation £	Transfer value of increase in accrued benefits excluding inflation £	Transfer value of accrued benefits at 01/04/08 £	Transfer value of accrued benefits at 31/03/09 £	Increase in transfer value net of Directors' contributions £
R J Akers	27,741	1,578	2,824	22,016	352,679	387,102	28,603

The 'Increase in transfer value net of Directors' contributions' differs from the 'Transfer value of increase in accrued benefit' in that it reflects changes in the transfer value assumptions and market conditions over the year less the Directors' own contributions to the pension scheme.

The transfer values have been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11. The transfer values of the accrued entitlement in respect of qualifying service represents the value of assets that the pension scheme would need to transfer to another pension provider on transferring the liability in respect of the Directors' pension benefits that they earned in respect of qualifying service. They do not represent sums payable to individual Directors and, therefore, cannot be added meaningfully to annual remuneration.

Table 60

What options over ordinary shares do Directors have? (audited)

	Note	Granted during year			Exercised during year			No of options at 31/03/09 [†]	Exercise price (pence) [†]	Exercisable dates
		No of options at 01/04/08 [†]	Number	Grant price (pence)	Number	Exercise price (pence)	Market price on exercise (pence)			
F W Salway	(2)	47,793	—	—	—	—	47,793	1,044	07/2007-07/2014	
M R Hussey	(2)	26,332	—	—	—	—	26,332	1,044	07/2007-07/2014	
	(3)	1,915	—	—	—	—	1,915	862	10/2009-04/2010	
R J Akers	(1)	11,652	—	—	—	—	11,652	783	07/2004-07/2011	
	(2)	8,600	—	—	—	—	8,600	710	07/2006-07/2013	
	(2)	12,762	—	—	—	—	12,762	1,044	07/2007-07/2014	
	(3)	829	—	—	—	—	829	862	10/2011-04/2012	
		715	—	—	—	—	715	1,372	09/2011-03/2012	
M F Greenslade	(3)	1,193	—	—	—	—	1,193	1,372	09/2011-03/2012	

Notes:

1. 2000 Executive Share Option Scheme. Vesting of awards is dependent on the Company's growth in normalised adjusted EPS exceeding the growth in RPI by 2.5% per year.

2. 2002 Executive Share Option Scheme. Vesting of awards is dependent on the Company's growth in normalised adjusted EPS exceeding the growth in RPI by at least 2.5% per year.

3. 2003 Savings Related Share Option Scheme. Not subject to performance conditions because it is available to all staff and HM Revenue & Customs' rules do not permit performance conditions to be set out for this type of scheme.

The total number of options over ordinary shares held by F W Salway, M R Hussey, R J Akers and M F Greenslade at 31 March 2009 was 47,793, 28,247, 34,558 and 1,193 respectively. The total number of options over ordinary shares held by all Directors at 31 March 2009 was 111,791.

The range of the closing middle market prices as adjusted for the Rights Issue for Land Securities' shares during the year was 341p to 1447p. The closing middle market price on 31 March 2009 was 437p.

[†] As adjusted for the Rights Issue in March 2009.