

Glossary of Terms

Annualised net rents are gross rents plus, where rent reviews are outstanding, any increases to estimated rental value (as determined by the Group's external valuers), less any ground rents payable under head leases.

Capital allowances deferred tax provision. In accordance with FRS19, full provision has been made for the deferred tax arising on the benefit of capital allowances claimed to date. However, in the Group's experience the liabilities in respect of capital allowances provided are unlikely to crystallise in practice and are therefore excluded when arriving at adjusted NAV per share and adjusted EPS.

Contingent tax liability is the unprovided further taxation which might become payable if the Group's investments and properties were sold at their balance sheet values including the valuation surplus on trading and development properties net of any tax losses which have not been recognised in the Balance Sheet. This is stated after taking account of the FRS 19 capital allowances deferred tax provision.

Development construction cost is the total cost of construction of a project to completion, excluding site values and finance costs.

Earnings per share (EPS) is the profit after taxation divided by the weighted average number of shares in issue during the period. Diluted and Adjusted EPS per share are derived as set out under NAV.

Estimated rental value (ERV) is the Group's external valuers' opinion as to the open market rent, which on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.

Equivalent yield is a weighted average of the initial yield and reversionary yield and represents the return a property will produce based upon the timing of the income received. In accordance with usual practice, the equivalent yields (as determined by the Group's external valuers) assume rent received annually in arrears and on gross values including prospective purchasers' costs.

Gearing is the Group's net debt as a percentage of adjusted net assets.

Group is The British Land Company PLC and its subsidiaries excluding any share of joint venture profits or assets.

Initial yield is the annualised net rents generated by the portfolio expressed as a percentage of the portfolio valuation, excluding development properties.

Interest cover is the number of times Group net interest payable is covered by Group net rental income.

IPD is the Investment Property Databank Ltd, a Company that produces an independent benchmark of property returns.

Mortgage ratio is the ratio of Group net debt to the aggregate value of the Group's properties (including the surplus of the open market value over the book value of both development and trading properties), investments in joint ventures and other investments.

Net assets per share (NAV) are shareholders' funds, plus the surplus of the open market value over the book value of both development and trading properties, divided by the number of shares in issue at the period end.

Diluted NAV per share includes the effect of those shares potentially issuable under convertible bonds or employee share schemes.

Adjusted NAV per share excludes the capital allowances deferred tax provision.

Net rental income is the rental income receivable in the period after payment of ground rents and net property outgoings. Net rental income will differ from annualised net rents and passing rent due to the effects of income from backdated rent reviews, UITF 28 operating lease incentives and net property outgoings.

Open market value is an opinion of the best price at which the sale of an interest in the property would complete unconditionally for cash consideration on the date of valuation (as determined by the Group's external valuers – see Valuation Certificate).

In accordance with usual practice, the Group's external valuers report valuations net, after the deduction of the prospective purchaser's costs, including stamp duty, agent and legal fees.

Passing rent is the gross rent, less any ground rent payable under head leases.

Reversion is the estimated increase in rent at review where the gross rent is below the estimated rental value.

Reversionary yield is the anticipated yield, which the initial yield will rise to once the rent reaches the estimated rental value.

Securitisation is a financing technique where the income stream of an asset is used to service the interest and principal repayments on the relevant debt instruments.

Total return/Return on shareholders' equity is the growth in adjusted diluted net asset value per share plus dividends per share for the period expressed as a percentage of adjusted diluted net asset value per share at the beginning of the period.

UITF 28 'operating lease incentives' debtors. Under accounting rules the balance sheet value of lease incentives given to tenants is deducted from property valuation and shown as a debtor. The incentive is amortised through the profit and loss account.

Underlying profit before tax is the profit on ordinary activities after taxation after excluding trading profits, profits on disposal of fixed assets, one-off gains relating to other investments and exceptional items.

Vacancy rate is the estimated rental value of vacant properties expressed as a percentage of the total estimated rental value of the portfolio, excluding development properties.

Weighted average debt maturity. Each tranche of Group debt is multiplied by the remaining period to its maturity and the result is divided by total Group debt in issue at the period end.

Weighted average interest rate is the Group loan interest and derivative costs per annum at the period end, divided by total Group debt in issue at the period end.

Weighted average lease term is the average lease term remaining to expiry across the portfolio weighted by rental income. This is also disclosed assuming all break clauses are exercised at the earliest date, as stated. Excludes short-term licenses and residential leases.