

# GLOSSARY OF TERMS

**Annualised net rents** are gross rents as at reporting date 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.

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

**EPRA earnings** is the profit after taxation excluding investment property revaluations and gains on disposals, intangible asset movements and their related taxation and the REIT conversion charge.

**EPRA net assets (EPRA NAV)** are the balance sheet net assets excluding the mark to market on effective cash flow hedges and related debt adjustments, deferred taxation on revaluations and the effect of those shares potentially issuable under employee share schemes.

**EPRA NAV per share** is EPRA NAV divided by the diluted number of shares at the period end.

**EPRA MNNAV** is the EPRA NAV adjusted to reflect the fair value of debt and derivatives and to include deferred taxation on revaluations.

**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.

**Group** is The British Land Company PLC and its subsidiaries and excludes its share of funds and joint ventures.

**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 net interest payable is covered by underlying profit before net interest payable and taxation.

**IPD** is the Investment Property Databank Ltd which produces an independent benchmark of property returns.

**Loan to value (LTV)** is the ratio of net debt excluding the mark to market on effective cash flow hedges and related debt adjustments, to the aggregate value of properties, investments in funds and joint ventures and other investments.

**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 rent reviews, net property outgoings and accounting adjustments (SIC 15) for fixed and minimum guaranteed rent reviews and lease incentives.

**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.

**Property Income Distribution (PID)**. As a REIT the Group is now obliged to distribute 90% of the tax exempt profits, which is referred to as the PID. Distributions by the Group from 1 January 2007 will be split between the PID from which withholding tax at the basic rate of income tax will be deducted and a normal dividend.

**Real Estate Investment Trust (REIT)**. A listed property company which qualifies for and has elected into a tax regime, which exempts qualifying UK property rental income and gains on investment property disposals from corporation tax. British Land converted to REIT status on 1 January 2007.

**Reversion** is the increase in rent estimated by the Group's external valuers, where the passing rent is below the current estimated rental value. The increases to rent arise on rent reviews, letting of vacant space and expiry of rent free periods.

**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.

**SIC 15 'operating lease incentives'**. Under accounting rules the value of lease incentives given to tenants is amortised through the income statement on a straight-line basis to the earliest lease termination date.

**Total return/return on shareholders' equity** is the growth in EPRA NAV per share plus dividends paid expressed as a percentage of EPRA NAV per share at the beginning of the period. It may be stated before net refinancing charges or other exceptional items.

**Underlying earnings per share (EPS)** consists of underlying profit before tax less related taxation divided by the weighted average number of shares in issue during the period.

**Underlying profit before tax** is the profit for the period before taxation after excluding amortisation of intangible assets and impairment charges, net valuation gains (including profits on disposals), other receivables of a capital nature, net refinancing charges and costs relating to REIT conversion.

**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 licences and residential leases.