

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 is the European Public Real Estate Association.

EPRA earnings is the profit after taxation excluding investment property revaluations and gains/losses on disposals, intangible asset movements and their related taxation.

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 diluting for 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 NNAV 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 values after deducting 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.

Like-for-like ERV growth is the increase in ERV over a period on the standing investment properties expressed as a percentage of the ERV at the start of the period.

Like-for-like rental income growth is the growth in gross rental income on properties owned throughout the current and previous periods under review. This growth rate includes revenue recognition and lease accounting adjustments but excludes properties held for development in either period, properties with guaranteed rent reviews, asset management determinations, surrender premiums and back rent adjustments.

Loan to value (LTV) is the ratio of gross debt less cash and short-term deposits to the aggregate value of properties and investments.

Mark to market is the difference between the book value of an asset or liability and its market value.

Market value in relation to property assets 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.

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 for fixed and minimum guaranteed rent reviews and lease incentives.

Occupancy rate is estimated rental value of let units expressed as a percentage of the total estimated rental value of the portfolio, excluding development properties.

Open A1 is a planning consent enabling the sale of a wide range of goods, including food, fashion, footwear, books, electronics and household goods – as set out in The Town and Country Planning (Use Classes) Order 1987.

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

Planning Consent gives consent for a development, and covers matters such as use and design. Full details of the development scheme must be provided in an application for full planning consent, including detailed design, external appearance and landscaping before a project can proceed. Outline planning consent establishes the broad outline of the scheme and is subject to the later approval of the details of the design.

Property Income Distribution (PID) As a REIT the Group is now obliged to distribute 90% of the tax exempt profits. These dividends, which are referred to as PIDs, are subject to withholding tax at the basic rate of income tax. Certain classes of shareholders may qualify to receive the dividend gross. See our website (www.britishland.com) for details. The Group can also make other (normal) dividend payments which are taxed in the usual way.

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.

Tenant (or lease) incentives are any incentives offered to occupiers to enter into a lease. Typically the incentive will be an initial rent-free period, or a cash contribution to fit-out or similar costs. 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.

Total return 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 (pre-exceptional).

Total shareholder return is the growth in value of a shareholding over a specified period, assuming that dividends are reinvested to purchase additional units of stock.

Underlying earnings per share (EPS) consists of underlying profit after tax divided by the diluted 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/losses (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.

Virtual freehold represents a leasehold tenure for a period usually between 99 to 999 years. The total rent payable for the full term is paid upon commencement and a peppercorn rental is paid annually.

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.

Yield shift is a movement (negative or positive) in the equivalent yield of a property asset.