

Glossary

Adjusted earnings per share

Earnings per share adjusted to exclude non-recurring items, profits or losses on sales of investment properties' property revaluations and deferred tax on capital allowances and property revaluations on a diluted basis.

Adjusted net assets per share

NAV adjusted to exclude deferred tax on capital allowances and property revaluations on a diluted basis.

Diluted figures

Reported amounts adjusted to include the effects of potential shares issuable under the convertible bond.

Earnings per share (EPS)

Profit after tax divided by the weighted average number of ordinary shares in issue.

EPRA adjustments

Standard calculation methods for adjusted EPS and adjusted NAV as set out by the European Public Real Estate Association (EPRA) in their January 2006 Best Practice and Policy Recommendations.

Estimated rental value (ERV)

The market rental value of lettable space as estimated by the Company's valuers at each balance sheet date.

F&BS

Finance and business services sector.

IPD

The Investment Property Databank Limited (IPD) is a company that produces an independent benchmark of property returns.

IPD central London

An index, compiled by IPD, of the central and inner London properties in their monthly and quarterly valued universes.

Like-for-like portfolio

Properties that have been held for the whole of the period of account.

Market value

The amount as estimated by the Company's valuers for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In line with market practice, values are stated net of purchasers' costs.

Net assets per share or net asset value (NAV)

Equity shareholders' funds divided by the number of ordinary shares at the balance sheet date.

Net gearing

Total borrowings less short-term deposits and cash as a percentage of adjusted equity shareholders' funds.

Net initial yield

Annual net rents on investment properties as a percentage of the investment property valuation having added notional purchaser's costs.

Non-PIDs

Dividends from profits of the Group's taxable residual business.

Property Income Distributions (PIDs)

Dividends from profits of the Group's tax-exempt property rental business.

Portfolio internal rate of return (IRR)

The rate of return that if used as a discount rate and applied to the projected cash flows from the portfolio would result in a net present value of zero.

REIT

UK Real Estate Investment Trust.

Rent roll

The annual contracted rental income.

Return on capital employed (ROCE)

Return on capital employed is measured as profit before financing costs plus revaluation surplus on development property divided by the opening gross capital.

Return on shareholders' equity

The growth in the adjusted diluted net assets per share plus dividends per share for the period expressed as a percentage of the adjusted net assets per share at the beginning of the period.

Reversionary or under-rented

The percentage by which ERV exceeds rents passing, together with the estimated rental value of vacant space.

Reversionary yield

The anticipated yield, which the initial yield will rise to once the rent reaches the ERV.

Total property return (TPR)

Capital growth in the portfolio plus net rental income derived from holding these properties plus profit on sale of disposals expressed as a percentage return on the period's opening value.

Total shareholder return (TSR)

The growth in the ordinary share price as quoted on the London Stock Exchange plus dividends per share received for the period expressed as a percentage of the share price at the beginning of the period.

Triple net asset value (NNNAV)

NAV adjusted to include the fair value of the Group's financial liabilities on a diluted basis.

True equivalent yield

The constant capitalisation rate which, if applied to all cash flows from an investment property, including current rent, reversions to current market rent and such items as voids and expenditures, equates to the market value having taken into account notional purchaser's costs. Assumes rent is received quarterly in advance.

Voids

The element of a property which is unoccupied but available for letting, usually expressed as the ERV of the void space divided by the existing rent roll plus the ERV of the void space.

Weighted average cost of capital (WACC)

The weighted average pre-tax cost of the Group's debt and the notional cost of the Group's equity used as a benchmark to assess investment returns.

Weighted average unexpired lease term (WAULT)

The weighted average unexpired lease term expressed in years.