Portfolio yields (excluding developments)	Annualised net rents[1] £m	Reversionary income[2] £m	Current yield[3] %	Reversionary yield[2,3] %
Retail				
Retail warehouses	153	30	3.8	4.6
Superstores	102	6	4.4	4.7
Shopping centres	114	17	4.6	5.2
Department stores	42	6	4.5	5.1
High street	16	2	4.6	5.1
All retail	**427**	**61**	**4.2**	**4.8**
Offices				
City	173	32	4.2	5.0
West End	35	12	3.9	5.2
Business parks and provincial	8	3	4.5	6.1
All offices	**216**	**47**	**4.1**	**5.1**
Industrial, distribution, leisure, other	30	4	5.2	5.9
Total	**673**	**112**[4]	**4.2**[5]	**4.9**

[1] Net rental income under IFRS differs from annualised net rents which are cash based, due to accounting items such as spreading lease incentives and contracted future rental uplifts, as well as direct property costs
[2] Includes rent reviews and lease break/expiry and letting of vacant space at current ERV (as determined by external valuers) within five years, plus expiry of rent free periods
[3] Portfolio yield (gross to British Land, without notional purchasers' costs)
[4] £59m contracted under expiry of rent free periods and minimum rental increases
[5] Current yield after adding back rent frees 4.5%

Strong growth in cash rents is targeted within the next five years from the existing portfolio and from the committed development programme. At current market rental values, without projecting any growth or inflation, achievement of the reversionary income and letting of committed developments would add £261m to our annual passing rents (while interest costs on the funding for the development costs would also increase). Contracted increases of £59m per annum are due from expiry of rent free periods and fixed/minimum rental uplifts. (It should be noted that accounting policies under IFRS require that portions of these contracted rents are anticipated in the Group's income statement).

Leases and occupancy (excluding developments)	Average lease term, years to first break	Underlying[1] vacancy rate %	Vacancy rate %
Retail			
Retail warehouses	13.4	0.8	2.2
Superstores	20.4	–	–
Shopping centres	12.8	2.8	5.3
Department stores	29.8	–	–
High street	10.0	0.5	1.7
All retail	**16.3**	**1.2**	**2.5**
Offices			
City	11.0	1.7	2.9
West End	10.1	2.4	11.4
Business parks and provincial	12.2	11.2	11.5
All offices	**10.9**	**2.2**	**4.8**
Industrial, distribution, leisure, other	22.2	4.1	4.1
Total	**14.7**	**1.6**	**3.3**

[1] The underlying vacancy rate excludes asset management initiatives and units under offer

Our portfolio income is low risk, from leases with an overall weighted average term of 14.7 years to first break. Occupancy is very high across all the sectors, with only 1.6% of the total accommodation being available for letting. Vacancies in West End offices at the year end are primarily due to completion of York House (where the majority of the space is now let or under offer) and our asset management project at Regent's Place where we have taken back accommodation for refurbishment and extension.

Property market outlook

The UK property investment market continued to be strong during the year as the repricing of the asset class in relation to other financial assets was completed. Real estate's growing cash flows and strong downside protection position it between bonds and equities in the hierarchy of total return prospects, while value can be added by active management, development and gearing to produce enhanced equity returns.

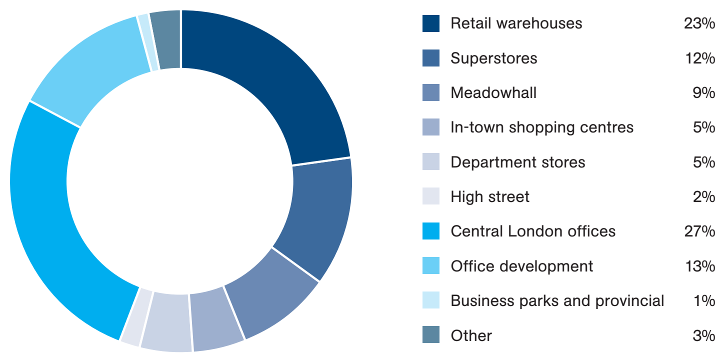
As the rate of yield shift subsides future performance is likely to be more dependent upon rental value growth. Rents remain affordable in most sectors and the economy's prospects should support continued growth in the service industries, with rising employment and consumer spending. However, all occupiers face their own competitive pressures and will be discriminating as to which space is most appropriate for them.

Investor demand has been good and continues to be so, albeit increasingly selective. Transaction levels have been high, with maintained liquidity and demand from both UK and overseas investors.

The British Land portfolio has leading positions in the two main sectors with the best prospects for rental growth – out-of-town retail and London offices.

Portfolio positioning

56%[1] Retail 41%[1] Offices
80% Out-of-town 97% Central London



[1] Proforma for committed developments at external valuers' estimated end value at completion