

SEGRO

2024

HALF YEAR
PROPERTY ANALYSIS
REPORT



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ABOUT SEGRO

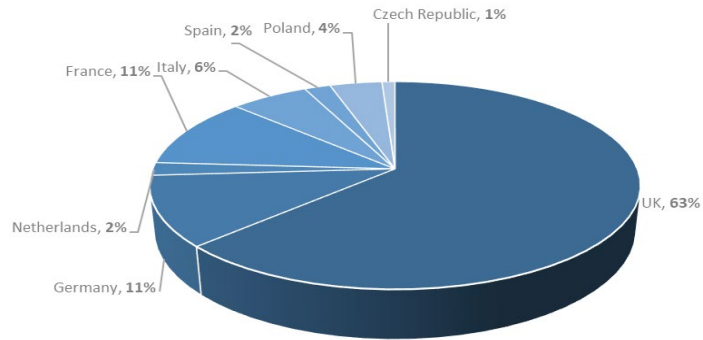
SEGRO is a UK Real Estate Investment Trust (REIT), listed on the London Stock Exchange and Euronext Paris, and is a leading owner, manager and developer of modern warehouses and industrial property. It owns or manages 10.8 million square metres of space (116 million square feet) valued at £20.6 billion serving customers from a wide range of industry sectors. Its properties are located in and around major cities and at key transportation hubs in the UK and in seven other European countries.

For over 100 years SEGRO has been creating the space that enables extraordinary things to happen. From modern big box warehouses, used primarily for regional, national and international distribution hubs, to urban warehousing (including data centres) located close to major population centres and business districts, it provides high-quality assets that allow its customers to thrive.

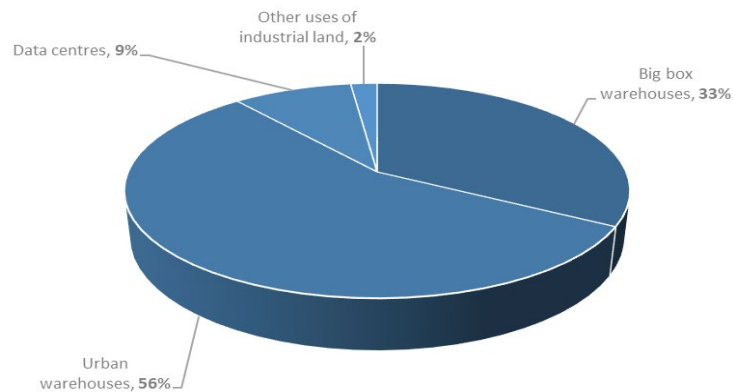
OVERVIEW

THE BUILDINGS WE PROVIDE

Geographical split by value (SEGRO share)



Asset type by value (excluding land) (SEGRO share)



URBAN WAREHOUSES

Urban warehouses are located in, or close to, population centres and business districts and provide flexible space suitable for a wide range of activities. They are used by businesses which need rapid access to end customers, as well as labour and are therefore generally situated close to main roads and public transport.



BIG BOX WAREHOUSES

Big box warehouses are typically used for storage and processing of goods for regional, national and international distribution and are much larger than urban warehouses. They are often located far from the end customer but are situated in key logistics hubs or along major transport routes (mainly motorways, ports, rail freight terminals and airports) to allow rapid transit.



DATA CENTRES

Data centres house IT infrastructure for building, running and delivering applications and services, including the Cloud and Artificial Intelligence. They are often located close to densely populated areas and major financial centres and create clusters known as Availability Zones. SEGRO's data centres are all dark shells which means the fitout and operation is managed by the customer which leases the space.



OTHER USES OF INDUSTRIAL LAND

Industrial land used for non-warehouse purposes. Car showrooms, self-storage facilities, hotels and offices require similar location characteristics to urban warehouses (close to major roads, public transport and a population centre) and the frontage of urban estates is often best used by such occupiers which benefit from a location with high visibility to passing trade.

COMBINED PROPERTY PORTFOLIO AND YIELD RECONCILIATION AS AT 30 JUNE 2024

	UK £m	Continental Europe £m	Total £m
<i>Combined property portfolio (including share of joint ventures)</i>			
COMBINED PROPERTY PORTFOLIO PER FINANCIAL STATEMENTS	11,272	6,613	17,885
Add valuation surplus not recognised on trading properties and other items	1	-	1
Less capitalisation of leasehold obligations under IFRS 16	-	(69)	(69)
COMBINED PROPERTY PORTFOLIO PER EXTERNAL VALUERS' REPORTS	11,273	6,544	17,817
Less land and development properties (investment, trading and joint ventures)	(1,344)	(844)	(2,188)
NET VALUATION OF COMPLETED PROPERTIES	9,929	5,700	15,629
Add notional purchasers' costs	675	302	977
GROSS VALUE OF COMPLETED PROPERTIES INCLUDING NOTIONAL PURCHASERS' COSTS	10,604	6,002	16,606
	A		

<i>Rental income</i>	£m	£m	£m
Gross passing rent ¹	398	287	685
Less irrecoverable property costs	(2)	(11)	(13)
NET PASSING RENT	396	276	672
Adjustment for notional rent in respect of rent free periods	43	23	66
TOPPED UP NET RENT	439	299	738
Including future fixed/minimum uplifts ³	9	-	9
TOTAL TOPPED UP NET RENT	448	299	747

<i>Yields</i>		%	%	%
EPRA net initial yield ²	B/A	3.7	4.6	4.1
EPRA topped up net initial yield ²	C/A	4.1	5.0	4.4
Net true equivalent yield		5.2	5.6	5.3

Exchange Rate £1:€1.18

¹ Gross passing rent excludes short term lettings and licences.

² In accordance with the Best Practices Recommendations of EPRA.

³ Certain leases contain clauses which guarantee future rental increases, whereas most leases contain five yearly, upwards only rent review clauses (UK) or indexation clauses (Continental Europe). Further detail on page 12.

COMBINED PROPERTY PORTFOLIO AS AT 30 JUNE 2024

	Value at 30 June 2024 £m					
	UK	Valuation movement ¹ %	Continental Europe	Valuation movement ¹ %	Group	Valuation movement ¹ %
Analysis of unrealised valuation movements						
Properties held throughout the year	9,568	0.9	5,401	(1.5)	14,969	0.1
Properties acquired during the year	-	-	174	(7.0)	174	(7.0)
Development completed during the year	361	7.0	125	12.8	486	8.5
COMPLETED PROPERTIES	9,929	1.1	5,700	(1.4)	15,629	0.2
Buildings under construction	258	7.7	217	5.5	475	6.7
Land ²	1,086	(3.0)	627	(4.2)	1,713	(3.5)
WHOLE PORTFOLIO	11,273	0.9	6,544	(1.4)	17,817	0.0

¹ The valuation movement percentage is based on the difference between the opening and closing valuations for properties, allowing for capital expenditure, acquisitions and disposals.

² For land and properties acquired during the year, opening valuation is acquisition cost including notional purchasers' costs which are not recognised under IFRS accounting standards.

Asset values by type and country, £m	UK	France	Italy	Spain	Poland	Czech Republic	Germany	Netherlands	Total
Big box warehouses	1,542	697	938	190	531	90	827	323	5,138
Urban warehouses	6,713	953	95	72	158	4	739	48	8,782
Data centres	1,357	-	-	-	-	-	-	-	1,357
Other uses of industrial land ²	317	2	11	16	3	-	-	3	352
COMPLETED SEGRO PROPERTIES (SEGRO SHARE)	9,929	1,652	1,044	278	692	94	1,566	374	15,629
COMPLETED PROPERTIES (AUM)	9,957	2,162	1,522	445	1,226	188	2,308	574	18,382

¹ Includes offices and retail uses such as trade counters, car showrooms and self storage facilities.

² "Other uses" include offices and retail uses such as trade counters, car showrooms and self storage facilities.

TOP 10 ASSETS

TOP 10 ESTATES (BY VALUE, SEGRO SHARE)	Ownership %	Location	Lettable area (100%) sq m	Asset type
Slough Trading Estate	100	Slough	623,718	Multi-let urban warehouse estate, including datacentres
SEGRO Logistics Park East Midlands Gateway	100	Midlands	456,684	Big box warehouse park
SEGRO Park Premier Road	100	Park Royal	78,720	Multi-let urban warehouse estate
SEGRO Park Greenford Ockham Drive and Auriol Drive	100	Park Royal	79,615	Multi-let urban warehouse estate
SEGRO Park Heathrow, Shoreham Road	100	Heathrow	93,704	Multi-let cargo facility
SEGRO Airport Park Berlin	50 / 100	Germany	154,191	Multi-let urban warehouse and Big box estate
SEGRO Park North Feltham	100	Heathrow	57,947	Multi-let urban warehouse estate
SEGRO Park Greenford Central	100	Park Royal	68,298	Multi-let urban warehouse estate
SEGRO Park Coventry	100	Midlands	116,617	Big box warehouse park
SEGRO Logistics Park Castel San Giovanni	50 / 100	Italy	474,439	Big box warehouse park

ANALYSIS OF PORTFOLIO BY ASSET TYPE AS AT 30 JUNE 2024

	Lettable area (100%) sq m	Lettable area (share) sq m	Valuation (SEGRO share)				Total £m	Assets under management ³ £m	Valuation Movement ¹	
			Investment & trading properties £m	Joint ventures £m	Land & development ² £m	Held throughout %			Completed properties %	
UK										
Big box warehouses	876,279	876,279	1,542	-	-	1,542	1,542	0.3	0.7	
Urban warehouses	1,547,034	1,541,756	6,685	28	-	6,713	6,741	1.4	1.5	
Data centres	245,888	245,888	1,357	-	-	1,357	1,357	0.1	1.0	
Other uses of industrial land ⁴	95,890	95,890	317	-	-	317	317	(2.8)	(2.8)	
	2,765,091	2,759,813	9,901	28	1,344	11,273	11,301	0.9	1.1	
CONTINENTAL EUROPE										
Big box warehouses	6,634,326	3,757,139	937	2,659	-	3,596	6,255	(1.8)	(1.4)	
Urban warehouses	1,373,799	1,330,750	2,006	63	-	2,069	2,132	(0.9)	(1.4)	
Data centres	-	-	-	-	-	-	-	-	-	
Other uses of industrial land ⁴	5,091	5,091	32	3	-	35	38	(2.8)	0.0	
	8,013,216	5,092,980	2,975	2,725	844	6,544	9,344	(1.5)	(1.4)	
GROUP										
Big box warehouses	7,510,605	4,633,418	2,479	2,659	-	5,138	7,797	(1.2)	(0.8)	
Urban warehouses	2,920,833	2,872,506	8,691	91	-	8,782	8,873	0.8	0.8	
Data centres	245,888	245,888	1,357	-	-	1,357	1,357	0.1	1.0	
Other uses of industrial land ⁴	100,981	100,981	349	3	-	352	355	(2.8)	(2.5)	
	10,778,307	7,852,793	12,876	2,753	2,188	17,817	20,645	0.1	0.2	

¹ The valuation movement percentage is based on the difference between the opening and closing valuations for SEGRO's share of properties, allowing for capital expenditure, acquisitions and disposals.

² Land and development valuations (including joint ventures at share) by asset type are not available as land sites are not categorised by asset type.

³ AUM totals include land & developments at 100%.

⁴ "Other uses" include offices and retail uses such as trade counters, car showrooms and self storage facilities.

ANALYSIS OF PORTFOLIO BY ASSET TYPE AS AT 30 JUNE 2024

	Lettable area (100%) sq m	Lettable area (share) sq m	Passing rent ¹ £m	Headline rent ¹ £m	Headline rent ¹ £ per sq m	ERV ² £m	Occupancy by ERV %	Topped-up net initial yield ³ %	Net true equivalent yield %
UK									
Big box warehouses	876,279	876,279	56	71	86	90	95.2	4.8	5.4
Urban warehouses	1,547,034	1,541,756	247	267	190	367	91.3	3.9	5.0
Data centres	245,888	245,888	51	57	233	81	100.0	4.1	5.4
Other uses of industrial land ⁴	95,890	95,890	21	23	251	25	93.3	6.7	7.6
	2,765,091	2,759,813	375	418	163	563	91.3	4.1	5.2
CONTINENTAL EUROPE									
Big box warehouses	6,634,326	3,757,139	181	199	54	224	98.5	5.1	5.6
Urban warehouses	1,373,799	1,330,750	104	109	88	122	93.7	4.8	5.5
Data centres	-	-	-	-	-	-	-	-	-
Other uses of industrial land ⁴	5,091	5,091	2	2	663	2	90.2	5.9	6.0
	8,013,216	5,092,980	287	310	63	348	98.5	5.0	5.6
GROUP									
Big box warehouses	7,510,605	4,633,418	237	270	60	314	97.5	5.0	5.6
Urban warehouses	2,920,833	2,872,506	351	376	142	489	91.9	4.1	5.1
Data centres	245,888	245,888	51	57	233	81	100.0	4.1	5.4
Other uses of industrial land ⁴	100,981	100,981	23	25	265	27	93.1	6.6	7.4
	10,778,307	7,852,793	662	728	97	911	94.6	4.4	5.3

¹ In respect of occupied space only; SEGRO share.

² On a fully occupied basis; SEGRO share.

³ In relation to SEGRO's share of completed properties.

⁴ "Other uses" include offices and retail uses such as trade counters, car showrooms and self storage facilities.

ANALYSIS OF PORTFOLIO BY ASSET TYPE AS AT 30 JUNE 2024

	Lettable area (100%) sq m	Lettable area (share) sq m	Valuation (SEGRO share)				Total £m	Assets under management £m	Valuation Movement ¹	
			Investment & trading properties £m	Joint ventures £m	Land & development ² £m				Held throughout %	Completed properties %
BY OWNERSHIP										
Wholly owned	4,927,279	4,927,279	12,876	-	2,114	14,990	14,990	0.5	0.6	
Joint ventures	5,851,028	2,925,514	-	2,753	74	2,827	5,655	(1.9)	(1.6)	
GROUP TOTAL	10,778,307	7,852,793	12,876	2,753	2,188	17,817	20,645	0.1	0.2	

	Passing rent £m	Headline rent ³ £m	Headline rent ³ £ per sq m	ERV ⁴ £m	Occupancy by ERV %	Topped-up net initial yield ⁵ %	Net true equivalent yield %
BY OWNERSHIP							
Wholly owned	527	577	124	739	93.9	4.3	5.3
Joint ventures	135	151	53	172	97.6	5.1	5.6
GROUP TOTAL	662	728	97	911	94.6	4.4	5.3

¹ The valuation movement percentage is based on the difference between the opening and closing valuations for SEGRO's share of properties, allowing for capital expenditure, acquisitions and disposals.

² Land and development valuations (including joint ventures at share) by asset type are not available as land sites are not categorised by asset type.

³ In respect of occupied space only; SEGRO share.

⁴ On a fully occupied basis; SEGRO share.

⁵ In relation to SEGRO's share of completed properties.

ANALYSIS OF PORTFOLIO BY GEOGRAPHY AS AT 30 JUNE 2024

	Lettable area (100%) sq m	Lettable area (share) sq m	Valuation (SEGRO share)				Total £m	Assets under management £m	Valuation Movement ¹	
			Investment & trading properties £m	Joint ventures £m	Land & development £m	Held throughout %			Completed properties %	
UK	2,765,091	2,759,813	9,901	28	1,344	11,273	11,301	0.9	1.1	
<i>Germany</i>	1,853,522	1,170,142	824	742	316	1,882	2,631	(3.0)	(3.0)	
<i>Netherlands</i>	472,994	322,249	174	200	1	375	576	1.1	(2.9)	
<i>France</i>	1,658,480	1,169,867	1,142	510	341	1,993	2,511	0.1	0.1	
<i>Italy</i>	1,755,878	1,175,508	566	478	76	1,120	1,598	(2.2)	(2.2)	
<i>Spain</i>	339,857	203,992	111	167	56	334	542	(0.9)	4.5	
<i>Poland</i>	1,762,588	966,274	158	534	50	742	1,290	(1.5)	(1.3)	
<i>Czech Republic</i>	169,897	84,948	-	94	4	98	196	(1.1)	(1.1)	
Continental Europe	8,013,216	5,092,980	2,975	2,725	844	6,544	9,344	(1.5)	(1.4)	
GROUP TOTAL	10,778,307	7,852,793	12,876	2,753	2,188	17,817	20,645	0.1	0.2	

	Passing rent ² £m	Headline rent ² £m	Headline rent ² £ per sq m	ERV ³ £m	ERV Growth %	Occupancy by ERV %	Topped-up net initial yield ⁴ %	Net true equivalent yield ⁴ %
UK	375	418	163	563	1.5	93.3	4.1	5.2
<i>Germany</i>	72	79	68	88	1.1	99.1	4.6	5.1
<i>Netherlands</i>	18	20	62	24	3.8	98.3	4.3	5.4
<i>France</i>	79	85	77	99	1.3	94.1	4.7	5.5
<i>Italy</i>	60	61	53	66	0.4	98.6	5.6	5.7
<i>Spain</i>	13	15	74	15	(0.7)	99.1	5.1	5.4
<i>Poland</i>	40	45	49	50	3.3	94.1	6.3	6.8
<i>Czech Republic</i>	5	5	59	6	0.0	97.7	5.2	6.2
Continental Europe	287	310	63	348	1.3	96.8	5.0	5.6
GROUP TOTAL	662	728	97	911	1.4	94.6	4.4	5.3

¹ The valuation movement percentage is based on the difference between the opening and closing valuations for SEGRO's share of properties, allowing for capital expenditure, acquisitions and disposals.

² In respect of occupied space only; SEGRO share.

³ On a fully occupied basis; SEGRO share.

⁴ In relation to SEGRO's share of completed properties.

SUPPLEMENTARY DATA AS AT 30 JUNE 2024

LEASING DATA FOR YEAR TO 31 DECEMBER

		2024	2023
Take-up of existing space ¹ (A)	£m	15	8
Space returned ² (B)	£m	(11)	(9)
Net absorption of existing space¹ (A-B)	£m	4	(1)
Other rental movements (rent reviews, renewals, indexation) ¹ (C)	£m	15	12
Rent roll growth from existing space	£m	19	11
Take-up of pre-let developments completed in the year -- signed in prior years ¹ (D)	£m	20	21
Take-up of speculative developments completed in the past two years ¹ (D)	£m	2	6
Total take-up² (A+C+D)	£m	52	47
Less take-up of space signed in previous years ¹	£m	(21)	(22)
Pre-lets signed in the year for delivery in later years ¹	£m	17	19
Rental income contracted in the year¹	£m	48	44
Take-back of space for re-development	£m	(1)	(1)
Retention rate ³	%	87	85

RECONCILIATION BETWEEN PASSING RENT AND ERV

	UK £m	Continental Europe £m	Group £m
PASSING RENT PER VALUATION	398	287	685
Valuation adjustments (incl outstanding rent reviews, rent in arrears)	(22)	-	(22)
SEGRO PASSING RENT	375	287	662
Adjustment for notional rent in respect of rent-free periods	43	23	66
SEGRO CONTRACTED HEADLINE RENT	418	310	728
ERV of vacant properties (incl short term lettings)	39	11	50
Reversion to ERV for properties occupied	106	27	133
ERV OF COMPLETED PORTFOLIO	563	348	911

All figures reflect exchange rates at 30 June and include joint ventures at share.

¹Headline rent.

²Headline rent, excluding space taken back for redevelopment.

³Headline rent retained as a percentage of total headline rent at risk from break or expiry during the year.

SUPPLEMENTARY DATA AS AT 30 JUNE 2024

PORTFOLIO RENT REVIEW CLAUSE SPLIT

Headline Rent	UK %	Continental Europe %	Group %
Market Rent Review	34	-	34
Index Linked ¹	11	41	52
Fixed Uplifts/Other	12	2	14

RENT CHANGE ON RENT REVIEW, LEASE RENEWALS AND RE-GEARS DURING THE YEAR

	UK	Continental Europe ²	Group
Headline rent of leases subject to review, renewal or re-gear £m	24.1	8.7	32.8
New headline rent agreed £m	32.7	9.3	42.0
Change ³	36%	7%	28%

¹Majority linked to CPI.

²Continental Europe leases do not have rent review clauses so this data is for lease renewals only.

³Percentage change based on actual, rather than rounded numbers.

SUPPLEMENTARY DATA AS AT 30 JUNE 2024

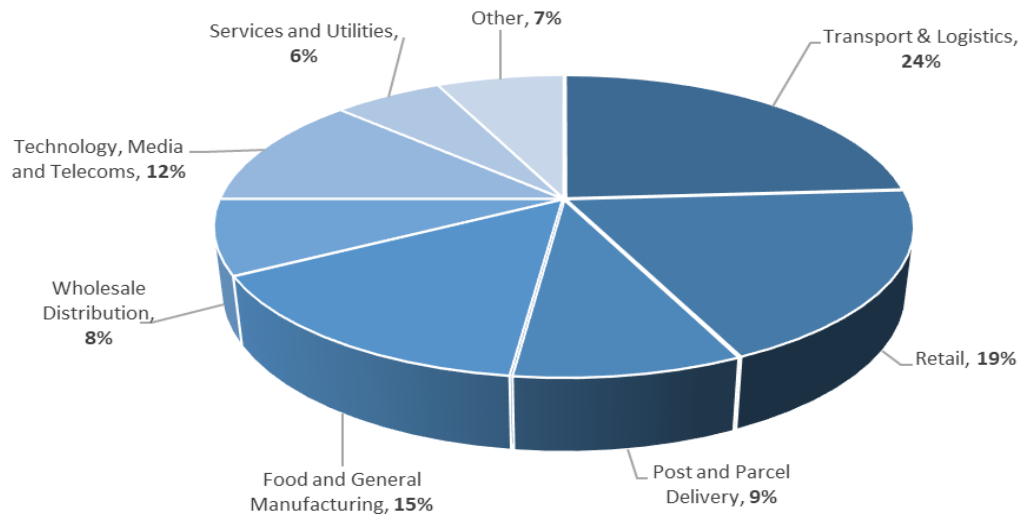
LEASE EVENT SCHEDULE AND UPLIFT OPPORTUNITY

	2024	2025	2026	2027	2028	> 5 years	Total
Headline rent (SEGRO share)	£m	£m	£m	£m	£m	£m	£m
UK rent reviews ¹	33	17	33	16	38	7	144
UK rent at risk (due to expiry/break)	38	40	32	26	19	118	273
Continental Europe rent at risk (due to expiry/break)	8	42	28	36	35	161	310
TOTAL HEADLINE RENT	79	99	93	78	92	286	727
Estimated Rental Value (ERV; SEGRO share)	£m	£m	£m	£m	£m	£m	£m
UK rent reviews ¹	52	23	44	18	42	7	186
UK rent at risk (due to expiry/break)	49	53	39	30	19	147	337
Continental Europe rent at risk (due to expiry/break)	9	47	31	39	39	172	337
TOTAL ERV	110	123	114	87	100	326	860
TOTAL POTENTIAL UPLIFT	31	24	21	9	8	40	133

¹ Rent subject to review is only applicable to the UK portfolio due to Open Market Rent Review lease structures. Rent subject to both review and expiry/break has been removed from the review section.

CUSTOMER TYPES AS AT 30 JUNE 2024

Customer type by headline rent



WEIGHTED AVERAGE LEASE LENGTH¹

By geography	Break years	Expiry years
UK	8.7	9.9
Continental Europe	5.5	6.3
GROUP TOTAL	7.4	8.4

¹Weighted by headline rent (including SEGRO share of properties in joint ventures).

TOP 20 CUSTOMERS

CUSTOMER (BY HEADLINE RENT)

CUSTOMER TYPE

Amazon	Retail
Deutsche Post DHL	Transport & Logistics / Post & Parcel Delivery
Virtus	Technology, Media and Telecoms
Royal Mail	Post & Parcel Delivery
Federal Express	Post & Parcel Delivery
GXO	Transport & Logistics
British Airways	Other
GTR	Technology, Media and Telecoms
Worldwide Flight Services	Transport & Logistics
Equinix	Technology, Media and Telecoms
Geodis	Transport & Logistics
CEVA	Transport & Logistics
La Poste (DPD)	Post & Parcel Delivery
Iron Mountain	Technology, Media and Telecoms
Maersk	Transport & Logistics
Netflix	Technology, Media and Telecoms
Syncreon	Transport & Logistics
Leroy Merlin	Retail
CyrusOne	Technology, Media and Telecoms
Ocado	Retail

The top 20 customers represent headline rent of £239 million in aggregate, 33% of the Group's total headline rent at 30 June 2024 (SEGRO share).

DEVELOPMENT PIPELINE AS AT 30 JUNE 2024

	Hectarage (space, 100%) ha	Space to be built (100%) sq m	Current book value ¹ £m	Estimated cost to completion ² £m	ERV when completed ³ £m	Pre-let (ERV) £m	Estimated yield on cost ⁴ %
CURRENT DEVELOPMENT PIPELINE (A)							
UK	42	179,177	258	108	25	23	8.0%
Continental Europe — wholly-owned	29	166,299	204	110	20	6	7.4%
Continental Europe — joint ventures	9	50,306	21	13	2	1	7.0%
	80	395,782	483	231	47	30	7.7%
FUTURE DEVELOPMENT PIPELINE (B)							
UK	591	1,198,990	1,037	1,926	232	-	7.8%
Continental Europe — wholly-owned	318	1,395,458	511	1,402	148	-	7.7%
Continental Europe — joint ventures	188	846,397	47	260	24	-	7.7%
	1,097	3,440,845	1,595	3,588	404	-	7.8%
TOTAL DEVELOPMENT PIPELINE (A+B)	1,177	3,836,627	2,078	3,819	451	30	
Other land	44	-	110				
TOTAL DEVELOPMENT PIPELINE AND OTHER LAND	1,221		2,188				

¹ Includes current value of land plus all costs incurred to date.

² Estimated costs to completion include estimated finance charges during construction which are capitalised to the end of the construction period.

³ ERV based upon market rents as at 30 June 2024.

⁴ Yield on cost is the expected gross yield based on the estimated current market rental value (ERV) of the developments when fully let, divided by the cost of the developments taking land at value at commencement of the developments plus total development costs to completion.

CURRENT DEVELOPMENT PROJECTS

	Space to be built (100%) sq m Total	Period of completion			Estimated costs to completion £m Total	Period of completion		
		2024 H2	2025 H1	2025 H2		2025 H1	2025 H1	2025 H2
		UK	179,177	42,070		120,006	17,101	108
Continental Europe - Wholly-owned	166,299	61,822	17,684	86,793	110	12	17	81
Continental Europe – Joint Ventures	50,306	-	50,306	-	13	-	13	-
CURRENT DEVELOPMENT PIPELINE	395,782	103,892	187,996	103,894	231	35	94	102

	ERV when complete £m Total	Period of completion			Pre-let (ERV) £m Total	Period of completion		
		2025 H1	2025 H1	2025 H2		2025 H1	2025 H1	2025 H2
		UK	25	6		13	6	23
Continental Europe - Wholly-owned	20	3	2	15	6	3	-	3
Continental Europe – Joint Ventures	2	-	2	-	1	-	1	-
CURRENT DEVELOPMENT PIPELINE	47	9	17	21	30	9	12	9

DEVELOPMENT PROJECTS COMPLETED IN 2024

	Completed (space, 100%) sq m	Total ERV (at share) £m	ERV of let space (at share) £m	Total capital expenditure (at share) £m	Yield on cost
UK	145,847	21	16	169	7.1%
Continental Europe - Wholly Owned	40,525	4	2	37	6.9%
Continental Europe - Joint Ventures	82,749	3	3	31	6.2%
TOTAL COMPLETED PROJECTS	269,121	27	21	237	7.0%

GLOSSARY OF TERMS

Completed portfolio

The completed investment properties and the Group's share of joint ventures' completed investment properties. Includes properties held throughout the year, completed developments and properties acquired during the year.

Development pipeline

The Group's current programme of developments authorised or in the course of construction at the balance sheet date (Current Pipeline), together with potential schemes not yet commenced on land owned or controlled by the Group (Future Pipeline).

EPRA

The European Public Real Estate Association, a real estate industry body, which has issued Best Practices Recommendations in order to provide consistency and transparency in real estate reporting across Europe.

Estimated cost to completion

Costs still to be expended on a development or redevelopment to practical completion, including notional finance costs.

Estimated rental value (ERV)

The estimated annual market rental value of lettable space as determined biannually by the Group's valuers. This will normally be different from the rent being paid.

Rent-free period

An incentive provided usually at commencement of a lease during which a customer pays no rent. The amount of rent free is the difference between passing rent and headline rent.

Headline rent

The annual rental income currently receivable on a property as at the balance sheet date (which may be more or less than the ERV) ignoring any rent-free period.

Hectares (Ha)

The area of land measurement used in this analysis. The conversion factor used, where appropriate, is 1 hectare = 2.471 acres.

Investment property

Completed land and buildings held for rental income return and/or capital appreciation.

Joint venture

An entity in which the Group holds an interest and which is jointly controlled by the Group and one or more partners under a contractual arrangement whereby decisions on financial and operating policies essential to the operation, performance and financial position of the venture require each partner's consent.

Net initial yield

Passing rent less non-recoverable property expenses such as empty rates, divided by the property valuation plus notional purchasers' costs. This is in accordance with EPRA's Best Practices Recommendations.

Square metres (sq m)

The area of buildings measurements used in this analysis. The conversion factor used, where appropriate, is 1 square metre = 10.7639 square feet.

Net rental income

Gross rental income less ground rents paid and property operating expenses.

Net true equivalent yield

The internal rate of return from an investment property, based on the value of the property assuming the current passing rent reverts to ERV and assuming the property becomes fully occupied over time. Rent is assumed to be paid quarterly in advance, in line with standard UK lease terms.

Passing rent

The annual rental income currently receivable on a property as at the balance sheet date (which may be more or less than the ERV). Excludes rental income where a rent free period is in operation. Excludes service charge income.

Pre-let

A lease signed with an occupier prior to commencing construction of a building.

REIT

A qualifying entity which has elected to be treated as a Real Estate Investment Trust for tax purposes. In the UK, such entities must be listed on a recognised stock exchange, must be predominantly engaged in property investment activities and must meet certain ongoing qualifications. SEGRO plc and its UK subsidiaries achieved REIT status with effect from 1 January 2007.

Total capital expenditure

Total capital expenditure excluding land value.

GLOSSARY OF TERMS

Rent roll

See Passing Rent.

Take-back

Rental income lost due to lease expiry, exercise of break option, surrender or insolvency.

Trading property

Property being developed for sale or one which is being held for sale after development is complete.

Speculative development

Where a development has commenced prior to a lease agreement being signed in relation to that development.

Topped up net initial yield

Net initial yield adjusted to include notional rent in respect of let properties which are subject to a rent free period at the valuation date. This is in accordance with EPRA's Best Practices Recommendations.

Yield on cost

Yield on cost is the expected gross yield based on the estimated current market rental value (ERV) of the developments when fully let, divided by the book value of the developments at the earlier of commencement of the development or the balance sheet date plus future development costs and estimated finance costs to completion.

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