

SEGRO

100 YEARS OF THE EXTRAORDINARY

2020

HALF YEAR
PROPERTY ANALYSIS
REPORT



ABOUT SEGRO

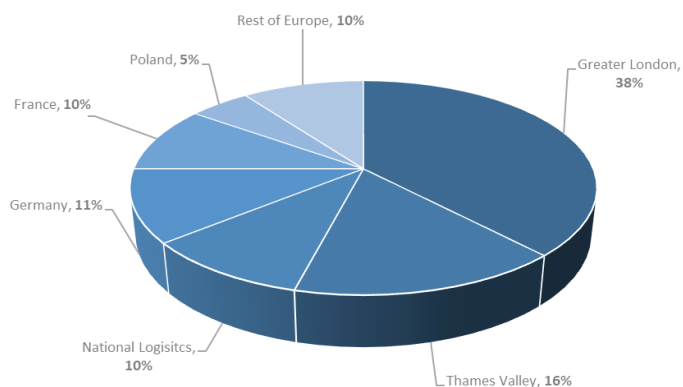
SEGRO is a leading owner, asset manager and developer of modern warehousing and light industrial properties, with £13.3 billion of assets under management (£11.2 billion including SEGRO's share of joint ventures). The assets are principally concentrated in key conurbations and major distribution hubs in eight European countries.

The Group serves customers spread across a diverse range of industry sectors. It has 8.1 million square metres of built space under management and annual rental income of £410 million at share.

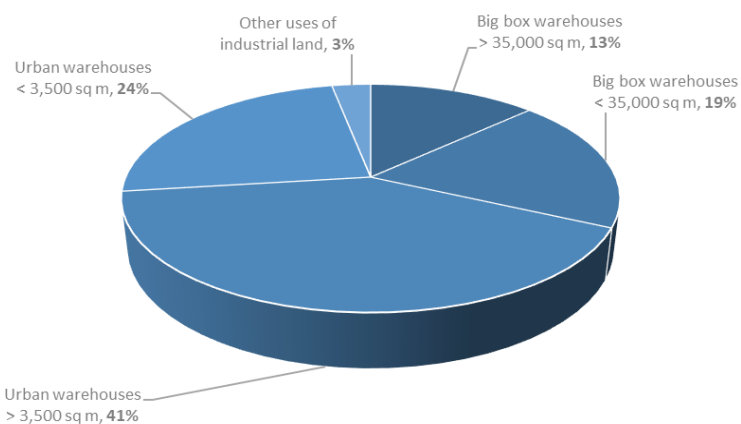
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OVERVIEW

Geographical split by value (SEGRO share)



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



THE BUILDINGS WE PROVIDE



BIG BOX WAREHOUSES

Big box warehouses are typically used for storage and processing of goods for regional, national and international distribution. The requirement for large land plots means that they tend to be located some distance from the ultimate customer but on major transport routes (mainly motorways, but also ports, rail freight terminals and airports) to allow rapid transit.



URBAN WAREHOUSES

Urban warehouses are located within easy reach of population centres and business districts. They are used by a wide variety of customers who need rapid access to their own customers and to labour and are therefore close to main roads and public transport. Land supply in and around urban areas tends to be less available so urban warehouses tend to be smaller. They are often clustered in estates which can comprise multi-let terraces of smaller units (typically less than 3,500 sq m), larger detached single-let warehouses (typically larger than 3,500 sq m) or a mixture of the two.



OTHER USES OF INDUSTRIAL LAND

Industrial land in urban areas is often used for non-warehouse purposes. Car showrooms, self storage facilities, budget 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 who benefit from a location with high visibility to passing trade.

COMBINED PROPERTY PORTFOLIO AND YIELD RECONCILIATION AS AT 30 JUNE 2020

	UK £m	Continental Europe £m	Total £m
Combined property portfolio (including share of joint ventures)			
COMBINED PROPERTY PORTFOLIO PER FINANCIAL STATEMENTS	7,117.2	4,206.2	11,323.4
Add valuation surplus not recognised on trading properties and other items	(3.8)	1.8	(2.0)
Less capitalisation of leasehold obligations under IFRS 16	-	(75.0)	(75.0)
COMBINED PROPERTY PORTFOLIO PER EXTERNAL VALUERS' REPORTS	7,113.4	4,133.0	11,246.4
Less land and development properties (investment, trading and joint ventures)	(540.4)	(594.4)	(1,134.8)
NET VALUATION OF COMPLETED PROPERTIES	6,573.0	3,538.6	10,111.6
Add notional purchasers' costs	444.7	169.5	614.2
GROSS VALUE OF COMPLETED PROPERTIES INCLUDING NOTIONAL PURCHASERS' COSTS	A7,017.7	3,708.1	10,725.8

Rental income	£m	£m	£m	
Gross passing rent ¹	261.0	159.9	420.9	
Less irrecoverable property costs	(3.2)	(7.7)	(10.9)	
NET PASSING RENT	B	257.8	152.2	410.0
Adjustment for notional rent in respect of rent free periods	26.1	26.2	52.3	
TOPPED UP NET RENT	C	283.9	178.4	462.3
Including future fixed/minimum uplifts ³	10.7	1.7	12.4	
TOTAL TOPPED UP NET RENT	294.6	180.1	474.7	

Yields		%	%	%
EPRA net initial yield ²	B/A	3.7	4.1	3.8
EPRA topped up net initial yield ²	C/A	4.0	4.8	4.3
Net true equivalent yield		4.6	5.2	4.8

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).

COMBINED PROPERTY PORTFOLIO AS AT 30 JUNE 2020

	Value at 30 June 2020 £m				Group	Valuation movement ¹ %
	UK	Valuation movement ¹ %	Continental Europe	Valuation movement ¹ %		
Analysis of unrealised valuation movements						
Properties held throughout the period	6,207.5	0.1	3,323.5	0.8	9,531.0	0.3
Properties acquired during the period	205.9	(6.6)	3.2	7.6	209.1	(6.4)
Development completed during the period	159.6	20.3	211.9	4.2	371.5	10.6
COMPLETED PROPERTIES	6,573.0	0.3	3,538.6	1.0	10,111.6	0.5
Buildings under construction	116.5	0.8	320.8	13.5	437.3	9.8
Land ²	423.9	(2.7)	273.6	0.8	697.5	(1.3)
WHOLE PORTFOLIO	7,113.4	0.1	4,133.0	1.8	11,246.4	0.7

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 period, opening valuation is acquisition cost including notional purchasers' costs which are not recognised under IFRS accounting standards.

Asset values by type and location, £m	London	Thames Valley	National Logistics	France	Italy	Spain	Poland	Czech Republic	Germany	Netherlands	Total
Big box warehouses > 35,000 sq m	150.9	-	327.0	196.5	197.3	83.0	180.7	-	178.2	-	1,313.6
Big box warehouses < 35,000 sq m	62.6	-	402.1	415.4	205.0	55.5	190.8	74.1	487.5	49.0	1,942.0
Urban warehouses > 3,500 sq m	2,126.2	873.4	-	385.8	53.5	11.0	163.3	3.6	440.1	82.1	4,139.0
Urban warehouses < 3,500 sq m	1,698.1	712.5	-	54.5	-	3.6	-	-	-	-	2,468.7
Other uses of industrial land ¹	56.4	151.1	12.7	-	24.3	-	3.4	-	-	0.4	248.3
COMPLETED SEGRO PROPERTIES (SEGRO SHARE)	4,094.2	1,737.0	741.8	1,052.2	480.1	153.1	538.2	77.7	1,105.8	131.5	10,111.6
COMPLETED PROPERTIES (AUM)	4,094.2	1,737.0	741.8	1,453.6	781.1	243.7	945.4	155.4	1,699.5	255.7	12,107.4

¹ Includes 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	Headline rent £m	Vacancy by ERV %	WAULT, years ¹	Asset type
UK							
Slough Trading Estate	100	Slough	533,419	74.2	3.1	9.1	Multi-let urban warehouse estate
SLP East Midlands Gateway	100	Midlands	199,525	12.2	0.0	16.5	Big box warehouse park
Shoreham Rd Cargo Area	100	Heathrow	93,704	16.4	0.0	3.6	Multi-let cargo facility
Premier Park	100	Park Royal	78,428	11.4	5.0	3.6	Multi-let urban warehouse estate
Greenford Park	100	Park Royal	78,430	10.3	1.0	4.8	Multi-let urban warehouse estate
North Feltham Trading Estate	100	Heathrow	66,008	9.0	4.3	3.9	Multi-let urban warehouse estate
Axis Park	100	Heathrow	61,753	8.4	0.0	8.1	Multi-let urban warehouse estate
Metropolitan Park	100	Park Royal	69,972	7.6	7.2	2.2	Multi-let urban warehouse estate
SEGRO Park Perivale	100	Park Royal	55,111	6.8	0.0	3.7	Multi-let urban warehouse estate
Rugby Gateway	100	Midlands	113,413	8.6	0.0	8.3	Big box warehouse park
CONTINENTAL EUROPE							
VAILOG Rome South Logistics Park	100	Italy	n/a	n/a	n/a	n/a	Development site
SEGRO Airport Park Berlin	50 / 100	Germany	119,497	5.7	1.4	5.9	Multi-let urban warehouse and Big box estate
SEGRO Logistics Park Krefeld-Süd	50	Germany	212,989	5.6	0.0	4.7	Big box warehouse park
SEGRO Logistics Park Aulnay	100	France	47,288	4.8	0.0	9.3	Big box warehouse park
SEGRO Park Düsseldorf-Süd	100	Germany	95,731	5.2	22.1	6.1	Multi-let urban warehouse estate
VAILOG CSG Logistics Park	50 / 100	Italy	239,099	4.8	0.0	9.4	Big box warehouse park
VAILOG Milan South Logistics Park	50 / 100	Italy	168,549	4.1	0.0	11.1	Big box warehouse park
SEGRO Park Gennevilliers	100	France	75,232	5.7	0.0	6.1	Multi-let urban warehouse estate
SEGRO Logistics Park Stryków	50	Poland	301,550	5.5	5.8	4.8	Big box warehouse park
SEGRO CityPark Düsseldorf	100	Germany	50,393	3.9	23.6	6.4	Multi-let urban warehouse estate

¹Weighted average unexpired lease term to earlier of break or expiry.

ANALYSIS OF PORTFOLIO BY ASSET TYPE AS AT 30 JUNE 2020

	Lettable area (100%) sq m	Lettable area (share) sq m	Valuation (SEGRO share)				Assets under management £m	Valuation Movement ¹	
			Investment & trading properties £m	Joint ventures £m	Land & development ² £m	Total £m		Held throughout %	Completed properties %
UK									
Big box warehouses > 35,000 sq m	297,823	297,823	477.9	-		477.9	477.9	3.1	3.6
Big box warehouses < 35,000 sq m	296,390	296,390	464.7	-		464.7	464.7	(0.2)	0.0
Urban warehouses > 3,500 sq m	946,200	946,200	2,999.6	-		2,999.6	2,999.6	0.6	1.0
Urban warehouses < 3,500 sq m	654,189	654,189	2,410.6	-		2,410.6	2,410.6	(0.7)	(0.7)
Other uses of industrial land ³	73,467	73,467	220.2	-		220.2	220.2	(4.2)	(4.9)
	2,268,069	2,268,069	6,573.0	-	540.4	7,113.4	7,113.4	0.1	0.3
CONTINENTAL EUROPE									
Big box warehouses > 35,000 sq m	2,020,573	1,035,050	48.0	787.7		835.7	1,623.4	0.3	1.0
Big box warehouses < 35,000 sq m	2,725,745	1,504,653	392.2	1,085.1		1,477.3	2,562.1	1.2	1.0
Urban warehouses > 3,500 sq m	1,080,106	957,513	1,017.0	122.4		1,139.4	1,262.1	0.5	0.9
Urban warehouses < 3,500 sq m	31,154	31,154	58.1	-		58.1	58.1	2.6	3.2
Other uses of industrial land ³	14,527	13,838	27.5	0.6		28.1	28.7	0.0	(5.7)
	5,872,105	3,542,208	1,542.8	1,995.8	594.4	4,133.0	6,219.1	0.8	1.0
GROUP									
Big box warehouses > 35,000 sq m	2,318,396	1,332,873	525.9	787.7		1,313.6	2,101.3	1.3	1.9
Big box warehouses < 35,000 sq m	3,022,135	1,801,043	856.9	1,085.1		1,942.0	3,026.8	0.9	0.8
Urban warehouses > 3,500 sq m	2,026,306	1,903,713	4,016.6	122.4		4,139.0	4,261.7	0.6	0.9
Urban warehouses < 3,500 sq m	685,343	685,343	2,468.7	-		2,468.7	2,468.7	(0.7)	(0.6)
Other uses of industrial land ³	87,994	87,305	247.7	0.6		248.3	248.9	(4.1)	(5.0)
	8,140,174	5,810,277	8,115.8	1,995.8	1,134.8	11,246.4	13,332.5	0.3	0.5

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 "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 2020

	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	Vacancy by ERV ⁴ %	Net initial yield %	Topped-up net initial yield ⁵ %	Net true equivalent yield %
UK										
Big box warehouses > 35,000 sq m	297,823	297,823	18.3	21.2	71.3	22.3	0.0	4.3	4.9	4.6
Big box warehouses < 35,000 sq m	296,390	296,390	15.8	19.7	71.6	24.0	0.0	3.2	4.0	4.8
Urban warehouses > 3,500 sq m	946,200	946,200	113.6	125.6	135.0	143.0	3.7	3.7	4.1	4.6
Urban warehouses < 3,500 sq m	654,189	654,189	86.5	92.9	155.6	113.9	7.1	3.4	3.7	4.4
Other uses of industrial land ³	73,467	73,467	12.1	13.0	191.0	13.7	5.4	5.5	5.9	6.3
	2,268,069	2,268,069	246.3	272.4	125.6	316.9	4.5	3.7	4.0	4.6
CONTINENTAL EUROPE										
Big box warehouses > 35,000 sq m	2,020,573	1,035,050	40.3	44.7	45.0	45.5	3.9	4.2	4.7	5.1
Big box warehouses < 35,000 sq m	2,725,745	1,504,653	60.5	74.4	53.3	80.3	6.8	3.7	4.6	5.0
Urban warehouses > 3,500 sq m	1,080,106	957,513	58.7	65.3	72.7	69.8	7.5	4.5	5.1	5.4
Urban warehouses < 3,500 sq m	31,154	31,154	2.8	3.1	109.1	3.2	6.3	4.3	4.9	5.5
Other uses of industrial land ³	14,527	13,838	1.0	2.0	151.6	2.0	4.7	2.0	5.5	6.5
	5,872,105	3,542,208	163.3	189.5	57.0	200.8	6.4	4.1	4.8	5.2
GROUP										
Big box warehouses > 35,000 sq m	2,318,396	1,332,873	58.6	65.9	51.1	67.8	2.6	4.3	4.8	4.9
Big box warehouses < 35,000 sq m	3,022,135	1,801,043	76.3	94.1	56.3	104.3	5.4	3.6	4.5	5.0
Urban warehouses > 3,500 sq m	2,026,306	1,903,713	172.3	190.9	104.4	212.8	4.9	3.9	4.3	4.8
Urban warehouses < 3,500 sq m	685,343	685,343	89.3	96.0	153.4	117.1	7.1	3.5	3.7	4.5
Other uses of industrial land ³	87,994	87,305	13.1	15.0	184.6	15.7	5.3	5.1	5.8	6.3
	8,140,174	5,810,277	409.6	461.9	84.0	517.7	5.2	3.8	4.3	4.8

¹ In respect of occupied space only; SEGRO share.

² On a fully occupied basis; SEGRO share.

³ "Other uses" include offices and retail uses such as trade counters, car showrooms and self storage facilities.

⁴ Vacancy rate excluding short term lettings for the Group at 30 June 2020 is 5.5%.

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

ANALYSIS OF PORTFOLIO BY ASSET TYPE AS AT 30 JUNE 2020

	Lettable area (100%) sq m	Lettable area (share) sq m	Valuation (SEGRO share)				Assets under management £m	Valuation Movement ¹	
			Investment & trading properties £m	Joint ventures £m	Land & development ³ £m	Total £m		Held throughout %	Completed properties %
BY OWNERSHIP									
Wholly owned	3,480,379	3,480,379	8,115.8	-	1,044.5	9,160.3	9,160.3	0.3	0.5
Joint ventures	4,659,795	2,329,898	-	1,995.8	90.3	2,086.1	4,172.2	0.4	0.5
GROUP TOTAL	8,140,174	5,810,277	8,115.8	1,995.8	1,134.8	11,246.4	13,332.5	0.3	0.5

	Passing rent ⁵ £m	Headline rent ⁵ £m	Headline rent ⁵ £ per sq m	ERV ⁶ £m	Vacancy by ERV ⁴ %	Net initial yield %	Topped-up net initial yield ² %	Net true equivalent yield %
BY OWNERSHIP								
Wholly owned	318.4	357.2	108.0	407.9	5.0	3.8	4.2	4.7
Joint ventures	91.2	104.7	47.9	109.8	6.0	4.1	4.7	5.1
GROUP TOTAL	409.6	461.9	84.0	517.7	5.2	3.8	4.3	4.8

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 relation to SEGRO's share of completed properties.

³ Land and development valuations (including joint ventures at share) by asset type are not available as land sites are not categorised by asset type.

⁴ Vacancy rate excluding short term lettings for the Group at 30 June 2020 is 5.5%.

⁵ In respect of occupied space only; SEGRO share.

⁶ On a fully occupied basis; SEGRO share.

ANALYSIS OF PORTFOLIO BY GEOGRAPHY AS AT 30 JUNE 2020

	Lettable area (100%) sq m	Lettable area (share) sq m	Valuation (SEGRO share)				Assets under management £m	Valuation Movement ¹	
			Investment & trading properties £m	Joint ventures £m	Land & development £m	Total £m		Held throughout %	Completed properties %
London Airports (primarily Heathrow)	512,736	512,736	1,818.4	-	32.1	1,850.5	1,850.5	(0.8)	(0.8)
Park Royal	480,596	480,596	1,694.7	-	14.6	1,709.3	1,709.3	0.2	(0.7)
Rest of Greater London	176,554	176,554	581.1	-	94.2	675.3	675.3	1.0	2.0
GREATER LONDON	1,169,886	1,169,886	4,094.2	-	140.9	4,235.1	4,235.1	(0.2)	(0.4)
Slough Trading Estate	543,265	543,265	1,666.7	-	34.4	1,701.1	1,701.1	0.2	1.0
Rest of South-East England	25,225	25,225	70.3	-	12.5	82.8	82.8	(1.2)	7.2
THAMES VALLEY	568,490	568,490	1,737.0	-	46.9	1,783.9	1,783.9	0.2	1.2
NATIONAL LOGISTICS	529,693	529,693	741.8	-	352.6	1,094.4	1,094.4	1.1	1.4
UK TOTAL	2,268,069	2,268,069	6,573.0	-	540.4	7,113.4	7,113.4	0.1	0.3
Germany	1,485,973	908,788	512.1	593.7	84.7	1,190.5	1,801.1	2.5	2.9
Netherlands	233,166	120,289	7.3	124.2	20.6	152.1	287.0	(1.6)	(1.3)
NORTHERN EUROPE	1,719,139	1,029,077	519.4	717.9	105.3	1,342.6	2,088.1	2.1	2.5
France	1,313,987	895,678	650.8	401.4	95.0	1,147.2	1,559.2	0.1	0.4
Italy	989,322	583,382	179.1	301.0	283.5	763.6	1,064.6	0.1	0.0
Spain	267,660	170,665	62.5	90.6	55.7	208.8	314.5	2.8	2.9
SOUTHERN EUROPE	2,570,969	1,649,725	892.4	793.0	434.2	2,119.6	2,938.3	0.4	0.5
Poland	1,412,482	778,650	131.0	407.2	44.1	582.3	1,022.3	(0.8)	(0.7)
Czech Republic ²	169,515	84,756	-	77.7	10.8	88.5	170.4	(1.4)	(1.4)
CENTRAL EUROPE	1,581,997	863,406	131.0	484.9	54.9	670.8	1,192.7	(0.8)	(0.8)
CONTINENTAL EUROPE TOTAL	5,872,105	3,542,208	1,542.8	1,995.8	594.4	4,133.0	6,219.1	0.8	1.0
COMPLETED PORTFOLIO	8,140,174	5,810,277	8,115.8	1,995.8	1,134.8	11,246.4	13,332.5	0.3	0.5

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 Includes residual land in Hungary

ANALYSIS OF PORTFOLIO BY GEOGRAPHY AS AT 30 JUNE 2020

	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	Vacancy by ERV ³ %	Net initial yield ⁴ %	Topped-up net initial yield ⁴ %	Net true equivalent yield ⁴ %
London Airports (primarily Heathrow)	512,736	512,736	72.6	81.0	160.8	92.3	1.8	3.8	4.2	4.8
Park Royal	480,596	480,596	56.4	58.2	128.3	72.9	6.4	3.2	3.3	4.0
Rest of Greater London	176,554	176,554	16.9	17.1	123.2	26.9	20.3	2.6	2.6	4.4
GREATER LONDON	1,169,886	1,169,886	145.9	156.3	142.6	192.1	6.1	3.4	3.6	4.4
Slough Trading Estate	543,265	543,265	68.6	76.3	147.5	83.3	3.0	4.1	4.5	4.9
Rest of South-East England	25,225	25,225	3.7	3.7	147.3	3.8	-	4.9	4.9	5.5
THAMES VALLEY	568,490	568,490	72.3	80.0	125.6	87.1	2.9	4.1	4.5	5.0
NATIONAL LOGISTICS	529,693	529,693	28.1	36.1	68.1	37.7	-	4.3	5.3	4.9
UK TOTAL	2,268,069	2,268,069	246.3	272.4	125.6	316.9	4.5	3.7	4.0	4.6
Germany	1,485,973	908,788	44.2	52.5	62.3	57.0	8.6	3.5	4.2	4.7
Netherlands	233,166	120,289	4.9	6.3	62.0	7.3	16.3	3.2	4.3	5.0
NORTHERN EUROPE	1,719,139	1,029,077	49.1	58.8	62.3	64.3	9.5	3.5	4.2	4.7
France	1,313,987	895,678	51.3	55.4	67.3	60.0	6.6	4.4	4.7	5.0
Italy	989,322	583,382	23.6	28.4	48.7	28.2	-	3.8	4.8	5.3
Spain	267,660	170,665	5.6	8.2	54.1	9.0	10.3	3.1	4.7	5.3
SOUTHERN EUROPE	2,570,969	1,649,725	80.5	92.0	59.1	97.2	5.0	4.1	4.7	5.1
Poland	1,412,482	778,650	30.4	34.4	46.3	34.5	4.8	5.6	6.3	6.2
Czech Republic	169,515	84,756	3.3	4.3	50.9	4.8	3.0	4.1	5.3	5.7
CENTRAL EUROPE	1,581,997	863,406	33.7	38.7	46.8	39.3	4.6	5.4	6.2	6.1
CONTINENTAL EUROPE TOTAL	5,872,105	3,542,208	163.3	189.5	56.9	200.8	6.4	4.1	4.8	5.2
COMPLETED PORTFOLIO	8,140,174	5,810,277	409.6	461.9	84.0	517.7	5.2	3.8	4.3	4.8

¹ In respect of occupied space only; SEGRO share.

² On a fully occupied basis; SEGRO share.

³ Vacancy rate excluding short term lettings for the Group at 30 June 2020 is 5.5%.

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

SUPPLEMENTARY DATA AS AT 30 JUNE 2020

LEASING DATA¹ FOR PERIOD TO 30 JUNE

		2020	2019
Take-up of existing space ² (A)	£m	6.6	6.7
Space returned ³ (B)	£m	(8.2)	(4.3)
Net absorption of existing space² (A-B)	£m	(1.6)	2.4
Other rental movements (rent reviews, renewals, indexation) ² (C)	£m	3.9	6.0
Rent roll growth from existing space	£m	2.3	8.4
Take-up of pre-let developments completed in the period •- signed in prior years ² (D)	£m	10.1	24.1
Take-up of speculative developments completed in the past two years ² (D)	£m	6.1	6.1
Total take-up² (A+C+D)	£m	26.7	42.9
Less take-up of space signed in previous periods ²	£m	(11.8)	(24.8)
Pre-lets signed in the period for delivery in later periods ²	£m	18.8	15.2
Rental income contracted in the period⁴	£m	33.7	33.3
Take-back of space for re-development	£m	(0.5)	-
Retention rate ⁴	%	88	94

RECONCILIATION BETWEEN PASSING RENT AND ERV

	UK £m	Continental Europe £m	Group £m
PASSING RENT PER VALUATION	261.0	159.9	420.9
Valuation adjustments (incl outstanding rent reviews, rent in arrears)	(14.1)	3.6	(10.5)
Less rents from short term lettings	(0.6)	(0.2)	(0.8)
SEGRO PASSING RENT	246.3	163.3	409.6
Adjustment for notional rent in respect of rent-free periods	26.1	26.2	52.3
SEGRO CONTRACTED HEADLINE RENT	272.4	189.5	461.9
ERV of vacant properties (incl short term lettings)	15.2	13.4	28.6
Reversion to ERV for properties occupied	29.3	(2.1)	27.2
ERV OF COMPLETED PORTFOLIO	316.9	200.8	517.7

¹All figures reflect exchange rates at 30 June and include joint ventures at share.

²Headline rent.

³Headline rent, excluding space taken back for redevelopment.

⁴Headline rent retained as a percentage of total headline rent at risk from break or expiry during the period.

SUPPLEMENTARY DATA AS AT 30 JUNE 2020

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

	Headline rent of leases subject to review, renewal or re-gear £m	New headline rent agreed £m	Change %
Greater London	5.1	6.7	31.7
Thames Valley	5.1	5.7	12.4
National Logistics	3.6	3.6	-
UK TOTAL	13.8	16.0	16.2
Northern Europe ¹	0.4	0.4	-
Southern Europe ¹	4.9	5.0	1.2
Central Europe ¹	3.2	3.2	0.4
CONTINENTAL EUROPE TOTAL	8.5	8.6	0.9
GROUP TOTAL	22.3	24.6	10.4

LEASE BREAK OPTIONS & EXPIRIES

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m
Headline rent (SEGRO share)					
UK	4.5	11.0	13.5	7.5	10.7
Continental Europe	3.1	11.1	14.2	8.6	6.0
GROUP TOTAL - LEASE BREAK OPTIONS	7.6	22.1	27.7	16.1	16.7
UK	11.5	16.6	15.2	14.1	15.1
Continental Europe	6.8	8.1	12.0	13.7	15.4
GROUP TOTAL - LEASE EXPIRIES ASSUMING NO BREAKS ARE EXERCISED	18.3	24.7	27.2	27.8	30.5
UK	(0.3)	(1.1)	(3.8)	(2.9)	(5.6)
Continental Europe	(1.8)	(2.2)	(3.6)	(3.9)	(3.2)
GROUP TOTAL - DEDUCTION ASSUMING ALL BREAKS ARE EXERCISED	(2.1)	(3.3)	(7.4)	(6.8)	(8.8)
GROUP TOTAL - LEASE EXPIRIES AND POTENTIAL BREAKS	23.8	43.5	47.5	37.1	38.4
Estimated Rental Value (ERV; SEGRO share)					
UK	22.1	28.9	27.4	20.4	22.2
Continental Europe	8.1	16.5	22.3	18.3	17.7
GROUP TOTAL - ERV OF LEASES SUBJECT TO BREAK OPTION OR EXPIRY	30.2	45.4	49.7	38.7	39.9

¹Continental Europe leases do not have rent review clauses so these data are for lease renewals only.

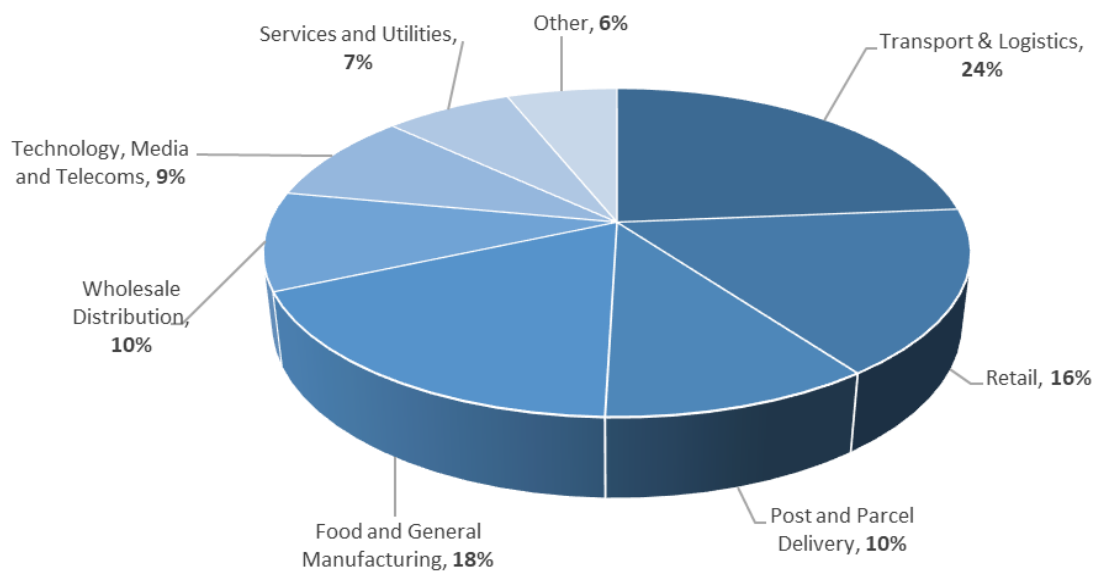
SUPPLEMENTARY DATA AS AT 30 JUNE 2020

RENT SUBJECT TO REVIEW

	2020	2021	2022	2023	2024
	£m	£m	£m	£m	£m
Headline rent					
Greater London	30.3	14.5	12.1	22.6	18.3
Thames Valley	10.2	9.3	6.4	8.9	8.7
National Logistics	6.4	3.9	8.1	2.9	12.2
UK TOTAL	46.9	27.7	26.6	34.4	39.2
Estimated Rental Value (ERV)					
Greater London	37.0	17.0	13.6	24.3	19.0
Thames Valley	11.0	9.7	6.6	9.0	8.9
National Logistics	6.9	4.3	8.5	2.9	12.2
UK TOTAL	54.9	31.0	28.7	36.2	40.1

CUSTOMER TYPES AS AT 30 JUNE 2020

Customer type by headline rent



WEIGHTED AVERAGE LEASE LENGTH¹

By geography

	Break years	Expiry years
UK	9.1	10.5
Continental Europe	5.4	6.4
GROUP TOTAL	7.6	8.8

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

TOP 20 CUSTOMERS

CUSTOMER (BY HEADLINE RENT)

CUSTOMER TYPE

Deutsche Post DHL	Post & Parcel Delivery and Transport & Logistics
Amazon	Retail
Federal Express	Post & Parcel Delivery
Royal Mail	Post & Parcel Delivery
Worldwide Flight Services	Transport & Logistics
LA POSTE / DPD	Post & Parcel Delivery
British Airways	Other
Virtus	Technology, Media and Telecoms
Equinix	Technology, Media and Telecoms
XPO	Transport & Logistics
Kuehne & Nagel	Transport & Logistics
GEODIS	Transport & Logistics
Tesco Group	Retail and Wholesale Distribution
ID Logistics	Transport & Logistics
CyrusOne	Technology, Media and Telecoms
IKEA	Retail
Mars	Manufacturing
Leroy Merlin	Retail
Swissport Cargo Services	Transport & Logistics
DSV	Transport & Logistics

The top 20 customers represent headline rent of £141.8 million in aggregate, 31% of the Group's total headline rent at 30 June 2020 (SEGRO share).

DEVELOPMENT PIPELINE AS AT 30 JUNE 2020

	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 — wholly-owned	16.5	66,293	116.8	22.2	8.3	5.8	6.5%
Continental Europe — wholly-owned	109.0	600,561	276.5	231.1	30.2 ⁵	29.4	6.6%
Continental Europe — joint ventures	13.3	61,196	24.3	8.6	2.0	1.9	7.6%
	138.8	728,050	417.6	261.9	40.5	37.1	6.6%
Forward funded projects	14.4	81,400	34.6	41.0	4.3	0.8	5.9%
	153.2	809,450	452.2	302.9	44.8	37.9	6.5%
FUTURE DEVELOPMENT PIPELINE (B)							
UK — wholly-owned	316.7	1,187,553	422.8	955.6	97.1	-	7.0%
Continental Europe — wholly-owned	137.1	684,760	162.5	459.5	44.7 ⁵	-	7.2%
Continental Europe — joint ventures	188.6	901,633	61.0	209.4	20.0	-	7.4%
	642.4	2,773,946	646.3	1,624.5	161.8	-	7.1%
TOTAL DEVELOPMENT PIPELINE (A+B)	795.6	3,583,396	1,098.5	1,927.4	206.6	37.9	
Other land	129.5	-	36.3				
TOTAL DEVELOPMENT PIPELINE AND OTHER LAND	925.1		1,134.8				

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 2020.

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.

⁵ Approximately £28.8 million in the current pipeline and £19.7 million in the future pipeline is associated with big box warehouses built by SEGRO/Vailog for which SELP has the option, but not the obligation, to acquire shortly after completion. Any acquisition is carried out based on the most recent valuation and the effective impact on SEGRO would be receipt of 50 per cent of the proceeds and a loss of 50 per cent of the rent.

CURRENT DEVELOPMENT PROJECTS

	Space to be built (100%) sq m	Period of completion			Estimated costs to completion £m	Period of completion		
	Total	H2 2020	H1 2021	H2 2021	Total	H2 2020	H1 2021	H2 2021
UK — Big Box wholly owned	16,258	16,258	-	-	0.3	0.3	-	-
UK — Urban warehousing wholly-owned	50,035	41,975	8,060	-	18.1	15.8	2.3	-
UK — Other uses of industrial land wholly-owned ¹	-	-	-	-	3.8	-	-	3.8
UK TOTAL	66,293	58,233	8,060	-	22.2	16.1	2.3	3.8
Continental Europe – Big Box	641,289	376,694	13,391	251,204	230.5	66.9	7.8	155.8
Continental Europe – Big Box wholly-owned ²	580,093	321,619	7,270	251,204	222.1	61.2	5.1	155.8
Continental Europe – Big Box joint ventures	61,196	55,075	6,121	-	8.4	5.7	2.7	-
Continental Europe – Urban warehousing wholly-owned	20,468	20,468	-	-	8.9	8.9	-	-
Continental Europe – Other uses of industrial land joint ventures	-	-	-	-	0.3	-	-	0.3
CONTINENTAL EUROPE TOTAL	661,757	397,162	13,391	251,204	239.7	75.8	7.8	156.1
CURRENT DEVELOPMENT PIPELINE	728,050	455,395	21,451	251,204	261.9	91.9	10.1	159.9

	ERV when complete £m	Period of completion			Pre-let (ERV) £m	Period of completion		
	Total	H2 2020	H1 2021	H2 2021	Total	H2 2020	H1 2021	H2 2021
UK — Big Box wholly owned	1.2	1.2	-	-	1.2	1.2	-	-
UK — Urban warehousing wholly-owned	6.8	5.0	1.8	-	4.6	3.2	1.4	-
UK — Other uses of industrial land wholly-owned ¹	0.3	-	-	0.3	-	-	-	-
UK TOTAL	8.3	6.2	1.8	0.3	5.8	4.4	1.4	-
Continental Europe – Big Box	30.7	17.3	0.9	12.5	29.8	16.4	0.9	12.5
<i>Continental Europe – Big Box wholly-owned²</i>	28.8	15.7	0.6	12.5	28.1	15.0	0.6	12.5
<i>Continental Europe – Big Box joint ventures</i>	1.9	1.6	0.3	-	1.7	1.4	0.3	-
Continental Europe – Urban warehousing wholly-owned	1.3	1.3	-	-	1.3	1.3	-	-
Continental Europe – Other uses of industrial land wholly-owned	0.2	-	-	0.2	0.2	-	-	0.2
CONTINENTAL EUROPE TOTAL	32.2	18.6	0.9	12.7	31.3	17.7	0.9	12.7
CURRENT DEVELOPMENT PIPELINE	40.5	24.8	2.7	13.0	37.1	22.1	2.3	12.7

¹H2 2021 includes development of external space that have no sq m area attributed.

²These developments are built by SEGRO/Vailog for which SELP has the option, but not the obligation, to acquire shortly after completion.

DEVELOPMENT PROJECTS COMPLETED IN H1 2020

	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 — Big Box	21,795	1.3	1.3	11.8	6.6%
UK — Urban warehousing	36,098	5.6	2.6	36.4	7.0%
UK — High value and other uses of industrial land	3,564	0.8	0.8	14.0	5.2%
UK TOTAL	61,457	7.7	4.7	62.3	6.7%
Continental Europe — Big Box	237,872	7.8	5.6	79.5	6.8%
Wholly-owned	79,186	3.7	3.7	37.8	6.7%
Joint Ventures	158,686	4.1	1.9	41.8	6.9%
Continental Europe - Urban warehousing	49,349	4.3	1.7	34.8	8.0%
Continental Europe - High value and other uses of industrial land	9,864	1.8	1.8	19.4	8.6%
CONTINENTAL EUROPE TOTAL	297,085	13.9	9.1	133.7	7.5%
TOTAL COMPLETED PROJECTS IN H1 2020	358,542	21.6	13.8	196.0	7.2%

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 period, completed developments and properties acquired during the period.

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, net service charge expenses 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.

Speculative development

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

Take-back

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

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.

Trading property

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

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.



100 YEARS OF THE EXTRAORDINARY

SEGRO plc

1 New Burlington Place
London
W1S 2HR

T +44 (0) 20 7451 9100
F +44 (0) 20 7451 9150
[SEGRO.com/investors](https://www.segro.com/investors)