

SEGRO

2019

HALF YEAR
PROPERTY ANALYSIS
REPORT



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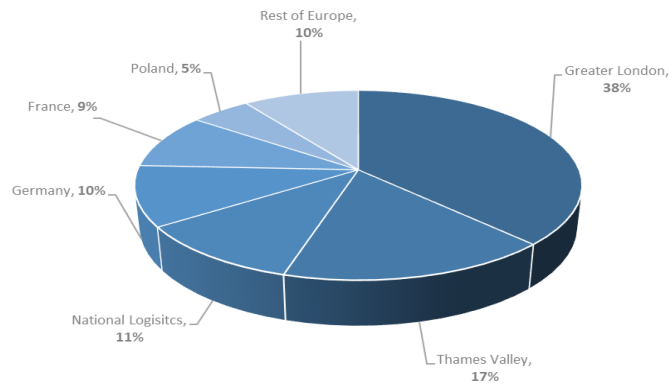
ABOUT SEGRO

SEGRO is a leading owner, asset manager and developer of modern warehousing and light industrial properties, with £11.7 billion of assets under management (£9.9 billion including SEGRO's share of joint ventures). The assets are principally concentrated in key conurbations and major distribution hubs in nine European countries.

The Group serves customers spread across a diverse range of industry sectors. It has 7.8 million square metres of built space under management and annual rental income of £372 million at share.

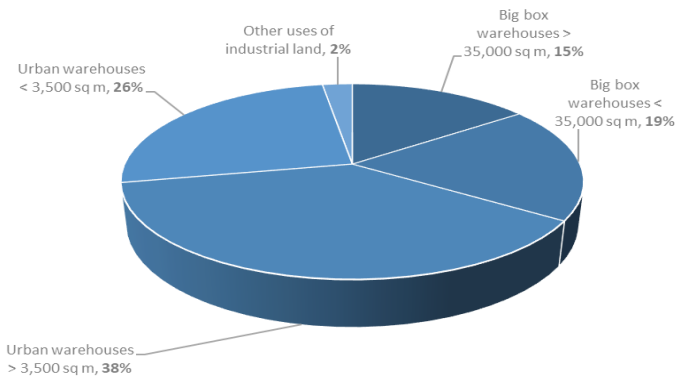
OVERVIEW

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 2019

	UK £m	Continental Europe £m	Total £m
Combined property portfolio (including share of joint ventures)			
COMBINED PROPERTY PORTFOLIO PER FINANCIAL STATEMENTS	6,557.6	3,436.1	9,993.7
Add valuation surplus not recognised on trading properties and other items	-	1.2	1.2
Less capitalisation of leasehold obligations under IFRS 16	-	(74.5)	(74.5)
COMBINED PROPERTY PORTFOLIO PER EXTERNAL VALUERS' REPORTS	6,557.6	3,362.8	9,920.4
Less land and development properties (investment, trading and joint ventures)	(450.8)	(365.6)	(816.4)
NET VALUATION OF COMPLETED PROPERTIES	6,106.8	2,997.2	9,104.0
Add notional purchasers' costs	390.6	141.0	531.6
GROSS VALUE OF COMPLETED PROPERTIES INCLUDING NOTIONAL PURCHASERS' COSTS	6,497.4	3,138.2	9,635.6
	A		

Rental income	£m	£m	£m
Gross passing rent ¹	237.8	148.6	386.4
Less irrecoverable property costs	(4.9)	(6.1)	(11.0)
NET PASSING RENT	232.9	142.5	375.4
	B		
Adjustment for notional rent in respect of rent free periods	28.7	23.6	52.3
TOPPED UP NET RENT	261.6	166.1	427.7
	C		
Including future fixed/minimum uplifts ³	11.2	2.4	13.6
TOTAL TOPPED UP NET RENT	272.8	168.5	441.3

Yields		%	%	%
EPRA net initial yield ²	B/A	3.6	4.5	3.9
EPRA topped up net initial yield ²	C/A	4.0	5.3	4.4
Net true equivalent yield		4.6	5.5	4.9

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 2019

Analysis of unrealised valuation movements	Value at 30 June 2019 £m					
	UK	Valuation movement ¹ %	Continental Europe	Valuation movement ¹ %	Group	Valuation movement ¹ %
Properties held throughout the period	5,835.1	1.3	2,633.5	5.4	8,468.6	2.5
Properties acquired during the period	0.0	0.0	63.4	3.9	63.4	3.9
Development completed during the period	271.7	20.2	300.3	13.0	572.0	16.3
COMPLETED PROPERTIES	6,106.8	2.0	2,997.2	6.1	9,104.0	3.3
Buildings under construction	246.3	18.3	122.5	13.6	368.8	16.7
Land ²	204.5	(4.0)	243.1	(1.2)	447.6	(2.5)
WHOLE PORTFOLIO	6,557.6	2.3	3,362.8	5.8	9,920.4	3.5

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/Austria	Netherlands	Total
Big box warehouses > 35,000 sq m	145.9	-	456.4	184.7	219.8	60.9	152.0	-	162.9	-	1,382.6
Big box warehouses < 35,000 sq m	-	-	476.8	317.5	140.2	50.2	184.5	68.8	406.6	19.4	1,664.0
Urban warehouses > 3,500 sq m	1,806.2	705.1	-	334.5	35.2	10.3	138.8	3.2	372.0	74.0	3,479.3
Urban warehouses < 3,500 sq m	1,605.5	696.4	-	44.7	-	3.0	0.7	-	-	-	2,350.3
Other uses of industrial land ¹	40.5	174.0	-	-	0.8	-	3.4	-	-	9.1	227.8
COMPLETED SEGRO PROPERTIES (SEGRO SHARE)	3,598.1	1,575.5	933.2	881.4	396.0	124.4	479.4	72.0	941.5	102.5	9,104.0
COMPLETED PROPERTIES (AUM)	3,598.1	1,575.5	933.2	1,251.7	595.9	192.0	839.2	143.9	1,441.3	190.5	10,761.3

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

COMBINED PROPERTY PORTFOLIO AND YIELD RECONCILIATION AS AT 30 JUNE 2019

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	515,989	69.4	2.5	8.8	Multi-let urban warehouse estate
Shoreham Rd Cargo Area	100	Heathrow	91,154	13.9	0.0	4.8	Multi-let cargo facility
SLP East Midlands Gateway	100	Midlands	199,525	11.7	0.0	17.0	Big box warehouse park
Premier Park	100	Park Royal	78,428	11.0	0.0	4.1	Multi-let urban warehouse estate
Greenford Park	100	Park Royal	79,509	10.2	2.4	5.8	Multi-let urban warehouse estate
North Feltham Trading Estate	100	Heathrow	65,948	8.5	6.7	4.6	Multi-let urban warehouse estate
Axis Park	100	Heathrow	61,753	8.1	0.0	8.6	Multi-let urban warehouse estate
Metropolitan Park	100	Park Royal	69,967	7.3	5.1	2.8	Multi-let urban warehouse estate
SEGRO Logistics Park Rugby Gateway	100	Midlands	113,413	8.5	0.0	9.4	Big box warehouse park
BA World Cargo Centre	100	Heathrow	n/a	Conf.	0.0	31.8	Single-let cargo facility
CONTINENTAL EUROPE							
SEGRO Logistics Park Krefeld-Süd	50	Germany	201,781	5.0	1.4	5.5	Big box warehouse park
SEGRO Airport Park Berlin	50 / 100	Germany	119,812	4.4	21.3	6.4	Multi-let urban warehouse and Big box estate
VAILLOG CSG Logistics Park	50 / 100	Italy	235,387	4.9	0.3	7.7	Big box warehouse park
SEGRO Logistics Park Aulnay	100	France	37,704	3.5	0.0	9.5	Big box warehouse park
SEGRO Park Gennevilliers	100	France	75,232	5.4	0.0	7.1	Multi-let urban warehouse estate
SEGRO Park Düsseldorf-Süd	100	Germany	79,915	5.2	0.0	6.6	Multi-let urban warehouse estate
SEGRO Logistics Park Stryków	50	Poland	301,538	5.2	7.2	5.0	Big box warehouse park
SEGRO CityPark Düsseldorf	100	Germany	50,176	3.4	28.8	7.2	Multi-let urban warehouse estate
SEGRO Logistics Park Prague	50	Czech Republic	169,514	4.1	3.5	4.3	Big box warehouse park
Verona DC1	100	Italy	126,507	Conf.	0.0	9.9	Single let big box warehouse

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

ANALYSIS OF PORTFOLIO BY ASSET TYPE AS AT 30 JUNE 2019

	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 ³ £m				Held throughout %	Completed properties %
UK										
Big box warehouses > 35,000 sq m	415,487	415,487	602.3	-		602.3	602.3	(0.6)	4.9	
Big box warehouses < 35,000 sq m	338,756	338,756	476.8	-		476.8	476.8	(0.1)	1.3	
Urban warehouses > 3,500 sq m	840,898	840,898	2,511.3	-		2,511.3	2,511.3	1.7	1.7	
Urban warehouses < 3,500 sq m	637,258	637,258	2,301.9	-		2,301.9	2,301.9	1.7	1.7	
Other uses of industrial land ⁴	68,930	68,930	214.5	-		214.5	214.5	(1.2)	2.2	
	2,301,329	2,301,329	6,106.8	-	450.8	6,557.6	6,560.0	1.3	2.0	
CONTINENTAL EUROPE										
Big box warehouses > 35,000 sq m	1,879,175	1,055,770	154.0	626.4		780.4	1,406.8	5.1	5.9	
Big box warehouses < 35,000 sq m	2,548,944	1,374,218	260.7	927.7		1,188.4	2,116.1	4.1	5.4	
Urban warehouses > 3,500 sq m	968,150	862,907	868.3	99.6		967.9	1,067.5	7.4	7.4	
Urban warehouses < 3,500 sq m	31,085	30,432	47.7	-		47.7	47.7	1.1	1.3	
Other uses of industrial land ⁴	49,903	49,213	12.8	-		12.8	12.8	1.6	1.6	
	5,477,257	3,372,540	1,343.5	1,653.7	365.6	3,362.8	4,816.7	5.4	6.1	
GROUP										
Big box warehouses > 35,000 sq m	2,294,662	1,471,257	756.3	626.4		1,382.7	2,009.1	2.8	5.4	
Big box warehouses < 35,000 sq m	2,887,700	1,712,974	737.5	927.7		1,665.2	2,592.9	2.8	4.2	
Urban warehouses > 3,500 sq m	1,809,048	1,703,805	3,379.6	99.6		3,479.2	3,578.8	3.2	3.3	
Urban warehouses < 3,500 sq m	668,343	667,690	2,349.6	-		2,349.6	2,349.6	1.6	1.7	
Other uses of industrial land ⁴	118,833	118,143	227.3	-		227.3	227.3	(1.0)	2.2	
	7,778,586	5,673,869	7,450.3	1,653.7	816.4	9,920.4	11,659.5	2.5	3.3	

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 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 "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 2019

	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 ⁵ %	Net initial yield %	Topped-up net initial yield ⁶ %	Net true equivalent yield %
UK										
Big box warehouses > 35,000 sq m	415,487	415,487	19.4	26.5	70.2	30.3	8.3	3.5	4.6	4.8
Big box warehouses < 35,000 sq m	338,756	338,756	20.6	23.2	68.5	25.0	0.0	4.1	4.6	5.0
Urban warehouses > 3,500 sq m	840,898	840,898	92.4	104.7	126.3	121.4	0.6	3.6	4.1	4.6
Urban warehouses < 3,500 sq m	637,258	637,258	81.1	86.8	149.2	108.2	7.4	3.3	3.6	4.4
Other uses of industrial land ⁴	68,930	68,930	10.4	11.4	180.4	12.1	6.2	4.6	5.0	5.7
	2,301,329	2,301,329	223.9	252.6	115.4	297.0	4.1	3.6	4.0	4.6
CONTINENTAL EUROPE										
Big box warehouses > 35,000 sq m	1,879,175	1,055,770	33.4	43.6	43.3	44.4	4.5	3.8	5.1	5.4
Big box warehouses < 35,000 sq m	2,548,944	1,374,218	57.4	65.2	51.0	69.6	7.5	4.6	5.2	5.4
Urban warehouses > 3,500 sq m	968,150	862,907	52.8	58.0	71.4	61.1	6.1	5.0	5.5	5.8
Urban warehouses < 3,500 sq m	31,085	30,432	3.1	3.1	102.4	3.0	0.0	5.8	5.9	5.6
Other uses of industrial land ⁴	49,903	49,213	1.8	2.2	45.5	2.0	1.8	7.8	11.0	7.1
	5,477,257	3,372,540	148.5	172.1	54.3	180.1	6.1	4.5	5.3	5.5
GROUP										
Big box warehouses > 35,000 sq m	2,294,662	1,471,257	52.8	70.1	50.6	74.7	6.1	3.7	4.9	5.1
Big box warehouses < 35,000 sq m	2,887,700	1,712,974	78.0	88.4	54.7	94.6	5.5	4.4	5.0	5.3
Urban warehouses > 3,500 sq m	1,809,048	1,703,805	145.2	162.7	99.1	182.5	2.5	4.0	4.5	4.9
Urban warehouses < 3,500 sq m	668,343	667,690	84.2	89.9	146.9	111.2	7.2	3.4	3.6	4.4
Other uses of industrial land ⁴	118,833	118,143	12.2	13.6	121.6	14.1	5.6	4.8	5.3	5.8
	7,778,586	5,673,869	372.4	424.7	79.1	477.1	4.8	3.9	4.4	4.9

¹ In respect of occupied space only; SEGRO share.

² On a fully occupied basis; SEGRO share.

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

⁵ Vacancy rate excluding short term lettings for the Group at 30 June 2019 is 5.1%.

⁶ In relation to SEGRO's share of completed properties.

ANALYSIS OF PORTFOLIO BY ASSET TYPE AS AT 30 JUNE 2019

	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 ³ £m				Held throughout %	Completed properties %
BY OWNERSHIP										
Wholly owned	3,569,152	3,569,152	7,450.3	-	732.8	8,183.1	8,183.1	2.1	2.9	
Joint ventures	4,209,434	2,104,717	-	1,653.7	83.6	1,737.3	3,476.4	4.5	5.0	
GROUP TOTAL	7,778,586	5,673,869	7,450.3	1,653.7	816.4	9,920.4	11,659.5	2.5	3.3	

	Passing rent ⁶ £m	Headline rent ⁶ £m	Headline rent ⁶ £ per sq m	ERV ⁷ £m	Vacancy by ERV ⁴ %	Net initial yield %	Topped-up net initial yield ² %	Net true equivalent yield %
BY OWNERSHIP								
Wholly owned	287.1	331.3	97.9	380.4	4.6	3.7	4.3	4.8
Joint ventures	85.3	93.4	47.1	96.7	5.6	4.7	5.2	5.4
GROUP TOTAL	372.4	424.7	79.1	477.1	4.8	3.9	4.4	4.9

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 2019 is 5.1%.

⁵ "Other uses" include offices and retail uses such as trade counters, car showrooms and self storage facilities.

⁶ In respect of occupied space only; SEGRO share.

⁷ On a fully occupied basis; SEGRO share.

ANALYSIS OF PORTFOLIO BY GEOGRAPHY AS AT 30 JUNE 2019

	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 %
London Airports (primarily Heathrow)	498,210	498,210	1,744.5	-	79.3	1,823.8	1,823.8	0.6	0.6	
Park Royal	432,155	432,155	1,457.6	-	6.1	1,463.7	1,463.7	2.4	2.4	
Rest of Greater London	124,020	124,020	396.0	-	89.9	485.9	485.9	5.2	5.2	
GREATER LONDON	1,054,385	1,054,385	3,598.1	-	175.3	3,773.4	3,773.4	1.8	1.8	
Slough Trading Estate	515,989	515,989	1,517.4	-	106.9	1,624.3	1,624.3	0.6	1.1	
Rest of South-East England	19,636	19,636	58.1	-	16.0	74.1	74.1	8.9	8.3	
THAMES VALLEY	535,625	535,625	1,575.5	-	122.9	1,698.4	1,698.4	0.8	1.4	
NATIONAL LOGISTICS	711,319	711,319	933.2	-	152.6	1,085.8	1,088.3	(0.4)	3.8	
UK TOTAL	2,301,329	2,301,329	6,106.8	-	450.8	6,557.6	6,560.1	1.3	2.0	
Germany/Austria	1,399,330	860,615	445.2	496.3	89.9	1,031.4	1,546.4	5.6	6.9	
Netherlands	241,993	147,124	14.5	88.0	16.9	119.4	216.2	4.8	4.8	
NORTHERN EUROPE	1,641,323	1,007,739	459.7	584.3	106.8	1,150.8	1,762.6	5.5	6.7	
France	1,233,667	812,593	511.2	370.2	57.0	938.4	1,318.8	8.1	8.1	
Italy	836,882	560,371	196.2	199.8	126.2	522.2	722.0	3.3	5.7	
Spain	230,949	152,310	56.8	67.6	31.8	156.2	240.8	4.1	5.7	
SOUTHERN EUROPE	2,301,498	1,525,274	764.2	637.6	215.0	1,616.8	2,281.6	6.9	7.2	
Poland	1,364,922	754,770	119.6	359.8	32.3	511.7	895.3	1.4	1.6	
Czech Republic ²	169,514	84,757	-	72.0	11.5	83.5	159.9	7.4	7.4	
CENTRAL EUROPE	1,534,436	839,527	119.6	431.8	43.8	595.2	1,055.2	2.2	2.4	
CONTINENTAL EUROPE TOTAL	5,477,257	3,372,540	1,343.5	1,653.7	365.6	3,362.8	5,099.4	5.4	6.1	
COMPLETED PORTFOLIO	7,778,586	5,673,869	7,450.3	1,653.7	816.4	9,920.4	11,659.5	2.5	3.3	

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 Includes residual land in Hungary

ANALYSIS OF PORTFOLIO BY GEOGRAPHY AS AT 30 JUNE 2019

	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)	498,210	498,210	58.3	73.7	152.0	88.6	2.5	3.2	4.0	4.7
Park Royal	432,155	432,155	48.1	49.9	123.2	63.4	5.5	3.2	3.3	4.1
Rest of Greater London	124,020	124,020	11.6	12.9	115.6	18.2	10.8	2.7	3.0	4.3
GREATER LONDON	1,054,385	1,054,385	118.0	136.5	136.3	170.2	4.5	3.1	3.6	4.4
Slough Trading Estate	515,989	515,989	67.3	69.3	139.7	74.9	2.5	4.3	4.4	4.9
Rest of South-East England	19,636	19,636	1.5	2.8	142.6	2.9	-	4.5	6.7	4.8
THAMES VALLEY	535,625	535,625	68.8	72.1	115.4	77.8	2.4	4.3	4.5	4.9
NATIONAL LOGISTICS	711,319	711,319	37.1	44.0	65.4	49.0	5.2	4.1	4.8	5.0
UK TOTAL	2,301,329	2,301,329	223.9	252.6	115.4	297.0	4.1	3.6	4.0	4.6
Germany/Austria	1,399,330	860,615	42.5	48.4	61.2	52.8	10.5	4.0	4.6	5.1
Netherlands	241,993	147,124	6.3	6.9	53.6	7.3	11.8	5.7	6.2	5.7
NORTHERN EUROPE	1,641,323	1,007,739	48.8	55.3	60.1	60.1	10.6	4.2	4.8	5.1
France	1,233,667	812,593	45.0	50.4	63.6	51.6	1.3	4.6	5.2	5.4
Italy	836,882	560,371	15.8	24.0	42.9	23.6	0.1	3.5	5.6	5.4
Spain	230,949	152,310	5.4	5.6	53.5	7.8	30.4	3.5	3.7	5.7
SOUTHERN EUROPE	2,301,498	1,525,274	66.2	80.0	55.0	83.0	3.7	4.2	5.2	5.4
Poland	1,364,922	754,770	29.7	32.7	45.6	32.6	4.3	6.2	6.8	6.6
Czech Republic	169,514	84,757	3.8	4.1	49.4	4.4	3.5	5.1	5.6	5.8
CENTRAL EUROPE	1,534,436	839,527	33.5	36.8	46.0	37.0	4.2	6.1	6.6	6.5
CONTINENTAL EUROPE TOTAL	5,477,257	3,372,540	148.5	172.1	54.2	180.1	6.1	4.5	5.3	5.5
COMPLETED PORTFOLIO	7,778,586	5,673,869	372.4	424.7	79.1	477.1	4.8	3.9	4.4	4.9

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 2019 is 5.1%.

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

SUPPLEMENTARY DATA AS AT 30 JUNE 2019

LEASING DATA¹ FOR PERIOD TO 30 JUNE

		2019	2018
Take-up of existing space ² (A)	£m	6.7	5.9
Space returned ³ (B)	£m	(4.3)	(6.8)
Net absorption of existing space² (A-B)	£m	2.4	(0.9)
Other rental movements (rent reviews, renewals, indexation) ² (C)	£m	6.0	2.3
Rent roll growth from existing space	£m	8.4	1.4
Take-up of pre-let developments completed in the period - signed in prior years ² (D)	£m	24.1	11.7
Take-up of speculative developments completed in the past two years ² (D)	£m	6.1	3.3
Total take-up² (A+C+D)	£m	42.9	23.2
Less take-up of space signed in previous periods ²	£m	(24.8)	(13.8)
Pre-lets signed in the period for delivery in later periods ⁴	£m	15.2	30.4
Rental income contracted in the period⁴	£m	33.3	39.8
Take-back of space for re-development	£m	-	(0.1)
Retention rate ⁴	%	97	92

RECONCILIATION BETWEEN PASSING RENT AND ERV

	UK £m	Continental Europe	Group £m
PASSING RENT PER VALUATION	237.8	148.6	386.4
Valuation adjustments (incl outstanding rent reviews, rent in arrears)	(13.4)	0.2	(13.2)
Less rents from short term lettings	(0.5)	(0.3)	(0.8)
SEGRO PASSING RENT	223.9	148.5	372.4
Adjustment for notional rent in respect of rent-free periods	28.7	23.6	52.3
SEGRO CONTRACTED HEADLINE RENT	252.6	172.1	424.7
ERV of vacant properties	12.9	11.6	24.5
Reversion to ERV for properties occupied	31.5	(3.6)	27.9
ERV OF COMPLETED PORTFOLIO	297.0	180.1	477.1

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 2019

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	14.9	18.1	21.4
Thames Valley	6.5	7.0	6.9
National Logistics	0.9	1.0	10.9
UK TOTAL	22.3	26.1	16.8
Northern Europe ¹	2.9	3.0	2.6
Southern Europe ¹	1.1	1.1	1.6
Central Europe ¹	3.3	3.2	(1.6)
CONTINENTAL EUROPE TOTAL	7.3	7.3	0.6
GROUP TOTAL	29.6	33.4	12.8

LEASE BREAK OPTIONS & EXPIRIES

	2019	2020	2021	2022	2023
Headline rent (SEGRO share)	£m	£m	£m	£m	£m
UK	3.3	9.9	9.0	11.2	6.4
Continental Europe	3.6	9.5	10.4	14.0	6.1
GROUP TOTAL - LEASE BREAK OPTIONS	6.9	19.4	19.4	25.2	12.5
UK	4.4	14.0	15.3	17.6	15.2
Continental Europe	3.8	11.7	8.2	12.0	12.6
GROUP TOTAL - LEASE EXPIRIES ASSUMING NO BREAKS ARE EXERCISED	8.2	25.7	23.5	29.6	27.8
UK	-	(0.7)	(2.8)	(4.2)	(3.5)
Continental Europe	(2.0)	(3.1)	(2.6)	(4.2)	(3.4)
GROUP TOTAL - DEDUCTION ASSUMING ALL BREAKS ARE EXERCISED	(2.0)	(3.8)	(5.4)	(8.4)	(6.9)
GROUP TOTAL - LEASE EXPIRIES AND POTENTIAL BREAKS	13.1	41.3	37.5	46.4	33.4
Estimated Rental Value (ERV; SEGRO share)					
UK	15.0	26.8	23.1	26.7	20.2
Continental Europe	5.1	17.5	15.6	21.7	15.0
GROUP TOTAL - ERV OF LEASES SUBJECT TO BREAK OPTION OR EXPIRY	20.1	44.3	38.7	48.4	35.2

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

SUPPLEMENTARY DATA AS AT 30 JUNE 2019

RENT SUBJECT TO REVIEW

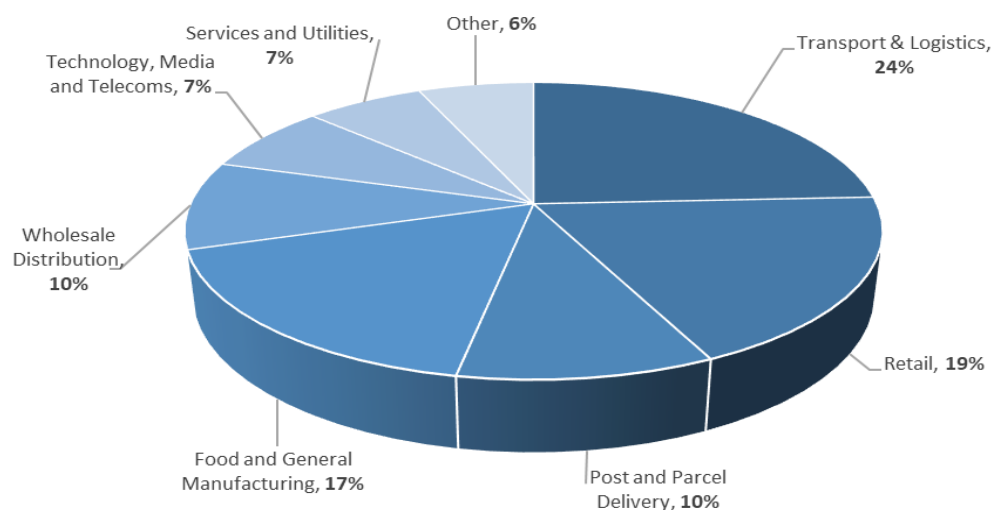
	2019	2020	2021	2022	2023
	£m	£m	£m	£m	£m
Headline rent					
Greater London	19.1	16.4	15.0	8.1	22.0
Thames Valley	13.0	4.7	9.5	5.1	6.4
National Logistics	3.2	6.8	4.9	6.2	1.1
UK TOTAL	35.3	27.9	29.4	19.4	29.5

Estimated Rental Value (ERV)

Greater London	24.1	19.2	17.2	9.0	23.3
Thames Valley	13.9	5.0	9.9	5.2	6.5
National Logistics	3.6	7.4	5.3	6.5	1.1
UK TOTAL	41.6	31.6	32.4	20.7	30.9

CUSTOMER TYPES AS AT 30 JUNE 2019

Customer type by headline rent



WEIGHTED AVERAGE LEASE LENGTH¹

By geography

	Break years	Expiry years
UK	9.2	10.6
Continental Europe	5.5	6.7
GROUP TOTAL	7.7	9.0

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

TOP 20 CUSTOMERS

CUSTOMER (BY HEADLINE RENT)

CUSTOMER TYPE

Deutsche Post	Post & Parcel Couriers
Amazon	Retail - pure online retail
Federal Express Group	Post & Parcel Couriers
Worldwide Flight Services	Transport & Logistics
Royal Mail Group	Post & Parcel Delivery
British Airways	Other
Equinix	Technology, Media and Telecoms
Sainsburys	Retail
LA POSTE/DPD	Post & Parcel Delivery
XPO	Transport & Logistics
Tesco Group	Retail, Wholesale Distribution
DSV	Transport & Logistics
Zalando	Retail - pure online retail
Geodis	Transport & Logistics
Virtus	Data centre providers
Kuehne & Nagel	Transport & Logistics
Mars	Manufacturing
IKEA	Retail
Leroy Merlin	Retail
ID Logistics	Transport & Logistics

The top 20 customers represent headline rent of £136.4 million in aggregate, 32% of the Group's total headline rent at 30 June 2019 (SEGRO share).

DEVELOPMENT PIPELINE AS AT 30 JUNE 2019

	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	27.1	96,782	213.1	71.9	17.4	11.2	7.2%
Continental Europe — wholly-owned	61.7	253,424	103.3	138.7	15.8 ⁵	11.1	6.9%
Continental Europe — joint ventures	20.2	108,944	17.5	18.6	2.8	1.2	7.1%
	109.0	459,150	333.9	229.2	36.0	23.5	7.1%
FUTURE DEVELOPMENT PIPELINE (B)							
UK — wholly-owned	136.5	541,424	236.2	267.9	34.5	-	6.8%
Continental Europe — wholly-owned	213.8	946,510	147.5	498.7	50.9 ⁵	-	7.9%
Continental Europe — joint ventures	196.9	964,261	63.3	208.9	20.6	-	7.6%
	547.2	2,452,195	447.0	975.5	106.0	-	7.4%
TOTAL DEVELOPMENT PIPELINE (A+B)							
	656.2	2,911,345	780.9	1,204.7	142.0	23.5	
Other land	108.2		35.5				
TOTAL DEVELOPMENT PIPELINE AND OTHER LAND	764.4		816.4				

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 2019.

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 £10.7 million in the current pipeline and €31.4 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				Estimated costs to completion £m	Period of completion			
	Total	Period of completion				Total	Period of completion		
		H2 2019	H1 2020	H2 2020			H2 2019	H1 2020	H2 2020
UK — Big Box wholly owned	4,199	4,199	-	-	2.2	2.2	-	-	
UK — Urban warehousing wholly-owned	88,936	38,072	45,517	5,347	62.7	10.7	43.8	8.2	
UK — Other uses of industrial land wholly-owned ¹	3,647	3,647	-	-	7.0	3.5	3.5	-	
UK TOTAL	96,782	45,918	45,517	5,347	71.9	16.4	47.3	8.2	
Continental Europe – Big Box	312,819	127,412	45,741	139,666	123.3	21.2	17.7	84.4	
<i>Continental Europe – Big Box wholly-owned²</i>	203,875	74,185	26,505	103,185	104.7	15.2	11.7	77.8	
<i>Continental Europe – Big Box joint ventures</i>	108,944	53,227	19,236	36,481	18.6	6.0	6.0	6.6	
Continental Europe – Urban warehousing wholly-owned	40,646	24,829	15,817	-	26.1	13.0	13.1	-	
Continental Europe – Other uses of industrial land wholly-owned	8,903	8,903	-	-	7.9	7.9	-	-	
CONTINENTAL EUROPE TOTAL	362,368	161,144	61,558	139,666	157.3	42.1	30.8	84.4	
CURRENT DEVELOPMENT PIPELINE	459,150	207,062	107,075	145,013	229.2	58.5	78.1	92.6	

	ERV when complete £m				Pre-let (ERV) £m	Period of completion			
	Total	Period of completion				Total	Period of completion		
		H2 2019	H1 2020	H2 2020			H2 2019	H1 2020	H2 2020
UK — Big Box wholly owned	1.8	1.8	-	-	1.8	1.8	-	-	
UK — Urban warehousing wholly-owned	14.4	6.7	6.6	1.1	8.5	6.7	1.8	-	
UK — Other uses of industrial land wholly-owned ¹	1.2	0.9	0.3	-	0.9	0.8	0.1	-	
UK TOTAL	17.4	9.4	6.9	1.1	11.2	9.3	1.9	-	
Continental Europe – Big Box	13.5	4.7	2.0	6.8	11.6	3.9	1.1	6.6	
<i>Continental Europe – Big Box wholly-owned²</i>	10.7	3.4	1.4	5.9	10.4	3.4	1.1	5.9	
<i>Continental Europe – Big Box joint ventures</i>	2.8	1.3	0.6	0.9	1.2	0.5	-	0.7	
Continental Europe – Urban warehousing wholly-owned	3.5	2.2	1.3	-	-	-	-	-	
Continental Europe – Other uses of industrial land wholly-owned	1.6	1.6	-	-	0.7	0.7	-	-	
CONTINENTAL EUROPE TOTAL	18.6	8.5	3.3	6.8	12.3	4.6	1.1	6.6	
CURRENT DEVELOPMENT PIPELINE	36.0	17.9	10.2	7.9	23.5	13.9	3.0	6.6	

¹H1 2020 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 2019

	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	199,525	11.2	11.2	132.9	6.0%
UK — Urban warehousing	8,051	1.6	1.6	9.3	9.2%
UK TOTAL	207,576	12.8	12.8	142.2	6.7%
Continental Europe — Big Box	490,727	15.4	12.6	150.5	7.3%
Wholly-owned	238,984	9.6	9.6	99.3	7.0%
Joint Ventures	251,743	6.0	3.1	52.2	7.8%
Continental Europe - Urban warehousing	31,537	2.7	0.5	23.7	8.9%
CONTINENTAL EUROPE TOTAL	522,264	18.3	13.2	175.2	7.5%
TOTAL COMPLETED PROJECTS IN H1 2019	729,840	31.1	26.0	317.4	7.1%

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 (which is netted off against service charge expenses).

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.

SEGRO

SEGRO plc

Cunard House
15 Regent Street
London SW1Y 4LR

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