PRESS RELEASE

SEGRO

27 July 2023

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

Continuing positive supply-demand dynamics drive further rental growth

Commenting on the results, David Sleath, Chief Executive, said:

"SEGRO has performed well during the first six months of 2023, delivering rental growth from our standing portfolio and from our largely pre-let development programme. We have made great progress in capturing reversion, delivering an average rental uplift of 20 per cent at lease events during the period in addition to contracted indexation, whilst customer retention has increased significantly to 85 per cent.

"The structural drivers of occupier demand remain evident across the UK and Europe, whilst supply remains constrained in our chosen markets, helping to drive rental growth in line with our expectations.

"Valuations have been relatively stable in the first half of this year, following the deep valuation correction in the latter part of 2022. The increased volume of transactions in the last quarter indicates that investors see value at the current levels of pricing for prime industrial and logistics assets, given the positive long-term outlook for our sector.

"We have significant opportunities to drive rent and create value both within our standing portfolio and through the execution of our profitable development programme. These factors give us confidence in our ability to deliver attractive growth and returns into the years ahead."

HIGHLIGHTS[A]:

- **Adjusted pre-tax profit of £198 million up 2.6 per cent compared with the prior year (H1 2022: £193 million[1]), Adjusted EPS is 15.9 pence, up 1.9 per cent** (H1 2022: 15.6 pence[1]) excluding the impact of performance fees from our SELP joint venture.

- **Adjusted NAV per share is down 3.0 per cent to 937 pence** (31 December 2022: 966 pence) driven by a 1.4 per cent decrease in the valuation of the portfolio (UK -0.6 per cent, CE -2.7 per cent), due to outward yield shift, mitigated by 3.7 per cent growth in estimated rental values during the first half of the year.

- **Like-for-like rental growth of 5.1 per cent and £44 million of new headline rent commitments generated** during the six-month period (H1 2022: £55 million), driven by our customer focus and active management of the portfolio.

- **340,900 sq m of development completions were delivered, equating to £28 million of potential rent, of which 83 per cent of which is leased.** 85 per cent of these completions were BREEAM 'Excellent' certification (or local equivalent).

- **Future rent roll growth supported by our active development pipeline with 740,800 sq m of projects under construction or in advanced pre-let discussions** equating to £76 million of potential rent (31 December 2022: 915,600 sq m, £86 million), of which 70 per cent is associated with pre-lets signed or in advanced negotiations, substantially de-risking the 2023-24 pipeline. Yield on cost for these projects is 7.2 per cent.

- **Strong balance sheet, with a modest level of gearing and significant liquidity**. LTV of 34 per cent at 30 June 2023 (31 December 2022: 32 per cent) and access to £1.7 billion of cash and committed bank facilities.
- **Attractive cost of debt due to our diverse, long-term debt structure**. No major debt maturities until 2026 and 91 per cent of debt is fixed or capped with half of the caps active until 2029. Average cost of debt at 30 June 2023 was 2.9 per cent (31 December 2022: 2.5 per cent).
- **Interim dividend increased by 7.4 per cent to 8.7 pence** (2022: 8.1 pence).

FINANCIAL SUMMARY

	6 months to 30 June 2023	6 months to 30 June 2022	**Change per cent**
Adjusted[2] profit before tax (£m)	**198**	193[1]	2.6
IFRS (loss)/ profit before tax (£m)	**(33)**	1,375	–
Adjusted[3] earnings per share (pence)	**15.9**	15.6[1]	1.9
IFRS earnings per share (pence)	**(1.9)**	110.7	–
Dividend per share (pence)	**8.7**	8.1	7.4
Total Accounting Return (%)[4]	**(1.1)**	11.3	–
	30 June 2023	31 December 2022	**Change per cent**
Assets under Management (£m)	**21,024**	20,947	
Portfolio valuation (SEGRO share, £m)	**18,095**	17,925	(1.4)[5]
Adjusted[6 7] net asset value per share (pence, diluted)	**937**	966	(3.0)
IFRS net asset value per share (pence, diluted)	**913**	938	(2.7)
Net debt (SEGRO share, £m)	**6,078**	5,693	
Loan to value ratio including joint ventures at share (per cent)	**34**	32	

1. Adjusted profit before tax and Adjusted earnings per share have been represented to exclude joint venture performance fee income as detailed further in Note 2. The H1 2022 figures have been changed accordingly. The FY 2022 and H1 2023 reported results are not impacted by this change. Further discussion of the sensitivity around the quantum of the performance fee is given in Note 6.
2. A reconciliation between Adjusted profit before tax and IFRS profit before tax is shown in Note 2 to the condensed financial information.
3. A reconciliation between Adjusted earnings per share and IFRS earnings per share is shown in Note 11 to the condensed financial information.
4. Total Accounting Return is calculated based on the opening and closing adjusted NAV per share adding back dividends paid during the period.
5. Percentage valuation movement during the period based on the difference between opening and closing valuations for all properties including buildings under construction and land, adjusting for capital expenditure, acquisitions and disposals.
6. A reconciliation between Adjusted net asset value per share and IFRS net asset value per share is shown in Note 11 to the condensed financial information.
7. Adjusted net asset value is in line with EPRA Net Tangible Assets (NTA) (see Table 5 in the Supplementary Notes for a NAV reconciliation).

[A] Figures quoted on pages 1 to 14 refer to SEGRO's share, except for land (hectares) and space (square metres) which are quoted at 100 per cent, unless otherwise stated. Please refer to the Presentation of Financial Information statement in the Financial Review for further details.

OPERATING SUMMARY & KEY METRICS

		H1 2023	H1 2022	FY 2022
RENTAL GROWTH REMAINS STRONG, SMALL DECLINE IN PORTFOLIO VALUATION DUE TO FURTHER YIELD SHIFT (see page 8):				
Valuation decline driven by further yield expansion, mostly on the Continent, and partly offset by estimated rental value (ERV) growth and active asset management of the portfolio.				
Portfolio valuation change (%)	Group	**(1.4)**	7.2	(11.0)
	UK	**(0.6)**	8.2	(13.1)
	CE	**(2.7)**	5.2	(7.3)
Estimated rental value (ERV) growth (%)	Group	**3.7**	5.9	10.9
	UK	**3.0**	7.3	11.5
	CE	**4.8**	3.6	9.9
ACTIVE ASSET MANAGEMENT DRIVING OPERATIONAL PERFORMANCE (see page 9):				
Standing portfolio contributing significantly to rent roll growth as a result of reversion capture, indexation and leases signed with existing and new customers from a wide range of sectors, highlighting the versatility of our portfolio.				
Total new rent contracted during the period (£m)		**44**	55	98
Pre-lets signed during the period (£m)		**19**	28	41
Like-for-like net rental income growth (%):	Group	**5.1**	7.1	6.7
	UK	**4.3**	8.9	7.7
	CE	**6.4**	4.1	4.9
Uplift on rent reviews and renewals (%)	Group	**20.4**	23.5	23.3
(note: excludes uplifts from indexation)	UK	**26.4**	29.0	28.0
	CE	**9.9**	1.8	1.7
Occupancy rate (%)		**95.5**	96.7	96.0
Customer retention (%)		**85**	79	76
INVESTMENT ACTIVITY REMAINS DISCIPLINED AND FOCUSED ON SECURING PROFITABLE GROWTH (see page 14):				
Capital investment continues to focus on our development programme, through capex and securing land to provide future growth opportunities. Development capex for 2023, including infrastructure, expected to be c.£600 million.				
Development capex (£m)		**299**	358	787
Acquisitions (£m)		**326**	365	867
Disposals (£m)		**74**	181	367
EXECUTING AND GROWING OUR PROFITABLE DEVELOPMENT PIPELINE (see page 10):				
Our active and largely pre-let development pipeline remains a key driver of rent roll growth and attractive returns on capital. Potential rent of £76 million from projects currently on site or expected to commence shortly at a yield on cost of 7.2 per cent.				
Development completions:				
– Space completed (sq m)		**340,900**	329,900	639,200
– Potential rent (£m) (Rent secured)		**28 (83%)**	15 (87%)	46 (80%)
Current development pipeline potential rent (£m) (Rent secured)		**66 (65%)**	84 (63%)	67 (73%)
Near-term pre-let development pipeline potential rent (£m)		**10**	34	19

OUTLOOK

SEGRO has one of the best and most modern pan-European industrial warehouse portfolios, through which we can serve our customers' entire regional and local distribution needs. Our strategic focus is to ensure that our properties are of the highest quality and in the most supply constrained locations, and thus able to generate superior long-term rental growth. We are also able to respond tactically to shorter-term changes in market conditions, including adapting our approach to capital allocation based on the insights provided by our market-leading operating platform.

Occupier demand for industrial and logistics space is proving resilient due to the long-term, structural drivers at play in our sector. At the same time, modern sustainable space is in short supply across our chosen sub-markets in Europe and a lack of available land limits the potential supply response. We expect that this supply-demand tension will drive further rental growth across our portfolio, normalising over time towards our long-held expectations of two to six per cent per annum. Net rental income growth will also be supported by the £147 million of embedded reversionary potential within our portfolio, equivalent to around a quarter of our current rent roll. Most of this reversion is in the UK and will be captured by the five-yearly open market rent review process, and we have index-linked uplifts on over half of our leases (mostly in Continental Europe) that will also help to capture this reversion and provide further rental growth.

Our high-quality land bank, with the potential to add £370 million of rental income, provides us with the ability to respond quickly to changing occupier demand through our development programme. Coupled with this, our strong balance sheet provides significant financial flexibility to continue to invest capital profitably in those development opportunities which offer the most attractive risk-adjusted returns.

Valuations have been much more stable in the first half of 2023 and investment has activity picked up across the market, including our own disposal of a UK big box portfolio since the period end (which was sold ahead of June 2023 book value). This demonstrates that investors are seeing value at current levels of pricing, and we believe that demand will further increase as clarity emerges around future interest rates, with investors attracted by the positive fundamentals and long-term structural growth potential in logistics and industrial warehousing.

Our prime portfolio and market-leading operating platform combine to create a strong competitive advantage, and position us well to create value through the cycle for all of our stakeholders. We therefore remain confident in our ability to deliver attractive returns and continued growth in earnings and dividends into the future.

WEBCAST / CONFERENCE CALL FOR INVESTORS AND ANALYSTS

A live webcast of the results presentation will be available from 08:30am (UK time) at:

https://www.investis-live.com/segro/6491814000e68612004ca42e/hsgr

The webcast will be available for replay at SEGRO's website at: http://www.segro.com/investors shortly after the live presentation.

A conference call facility will be available at 08:30 (UK time) on the following number:

Dial-in:	+44 (0)800 358 1035
	+44 (0) 204 587 0498
Access code:	022413

An audio recording of the conference call will be available until 3 August 2023 on:

UK:	+44 (0) 203 936 3001
Access code:	673798

A video of David Sleath, Chief Executive discussing the results will be available to view on www.segro.com, together with this announcement, the Half Year 2023 Property Analysis Report and other information about SEGRO.

CONTACT DETAILS FOR INVESTOR / ANALYST AND MEDIA ENQUIRIES:

SEGRO	Soumen Das (Chief Financial Officer)	Tel: + 44 (0) 20 7451 9110 (after 11am)
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FINANCIAL CALENDAR

2023 interim dividend ex-div date	10 August 2023
2023 interim dividend record date	11 August 2023
2023 interim dividend scrip dividend price announced	17 August 2023
Last date for scrip dividend elections	1 September 2023
2023 interim dividend payment date	22 September 2023
2023 Third Quarter Trading Update	18 October 2023
Full Year 2023 Results (provisional)	16 February 2024

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 10.3 million square metres of space (110 million square feet) valued at £21.0 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 located close to major population centres and business districts, it provides high-quality assets that allow its customers to thrive.

A commitment to be a force for societal and environmental good is integral to SEGRO's purpose and strategy. Its Responsible SEGRO framework focuses on three long-term priorities where the company believes it can make the greatest impact: Championing Low-Carbon Growth, Investing in Local Communities and Environments and Nurturing Talent.

Striving for the highest standards of innovation, sustainable business practices and enabling economic and societal prosperity underpins SEGRO's ambition to be the best property company.

See www.SEGRO.com for further information.

Forward-Looking Statements: This announcement contains certain forward-looking statements with respect to SEGRO's expectations and plans, strategy, management objectives, future developments and performance, costs, revenues and other trend information. All statements other than historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations and all forward-looking statements are subject to assumptions, risk and uncertainty. Many of these assumptions, risks and uncertainties relate to factors that are beyond SEGRO's ability to control or estimate precisely and which could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Certain statements have been made with reference to forecast process changes, economic conditions and the current regulatory environment. Any forward-looking statements made by or on behalf of SEGRO are based upon the knowledge and information available to Directors on the date of this announcement. Accordingly, no assurance can be given that any particular expectation will be met and you are cautioned not to place undue reliance on the forward-looking statements. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The information contained in this announcement is provided as at the date of this announcement and is subject to change without notice. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority), SEGRO does not undertake to update forward-looking statements, including to reflect any new information or changes in events, conditions or circumstances on which any such statement is based. Past share performance cannot be relied on as a guide to future performance. Nothing in this announcement should be construed as a profit estimate or profit forecast. The information in this announcement does not constitute an offer to sell or an invitation to buy securities in SEGRO plc or an invitation or inducement to engage in or enter into any contract or commitment or other investment activities.

Neither the content of SEGRO's website nor any other website accessible by hyperlinks from SEGRO's website are incorporated in, or form part of, this announcement.

INTRODUCTION

The first half of 2023 has seen a strong operational performance supported by the high quality of our portfolio, continued occupier demand and the active approach to asset management that we take to unlock value and drive performance.

We have a unique portfolio of prime warehouses, two-thirds of which are located in the most supply constrained urban markets with the remaining one-third close to transportation hubs and key logistics corridors; an enviable land bank capable of supporting our profitable development programme; an established pan-European, customer-focused operating platform; and strong, strategic relationships with other key stakeholders. These combine to provide us with what we believe is a significant competitive advantage which enhances our ability to outperform through the cycle and to secure opportunities for future growth.

The fundamentals for industrial assets remain attractive and we expect to see continued rental growth in our markets due to the supply-demand imbalance of high-quality space. This is in addition to the embedded reversionary potential already within the portfolio and the increased levels of indexation that we are capturing across Continental Europe.

With modest leverage, no near-term refinancing requirements, and a significant amount of liquidity at our disposal we have financial flexibility to continue to invest capital in the development opportunities that offer the most attractive risk-adjusted returns.

We continue to invest in and de-risk the future of the business through our Responsible SEGRO strategic priorities. We are making great steps in our ambition to Champion low-carbon growth by focusing on: driving down the carbon emissions produced by our development programme; making the running of our warehouses more efficient; and adding solar panels to help reduce our customers' emissions.

Through Investing in our local communities and environments we are making a real difference to the lives of thousands of people who live close to our parks and estates. During the first half of 2023 our people volunteered 380 days to projects running within our Community Investment Plans (CIPs). In addition, working with local delivery partners, SEGRO-funded projects have delivered some great outcomes so far in 2023: more than 3,800 students participated in our schools programme; 582 unemployed people took part in our training, skills and job brokerage programme; and we delivered 18 environmental projects to enhance biodiversity and community health and wellbeing.

Finally, the management changes that we announced in June show the importance of Nurturing talent within our business. We were able to appoint four of our existing leadership team into Executive Committee roles, helping us to benefit from their many years of experience within SEGRO and the wider business world. We are now in the process of making changes to align our operational business units to the new organisational structure, which will create many more opportunities for talent to progress within SEGRO and help to ensure that our business is in the best shape possible for success in the coming years.

PORTFOLIO PERFORMANCE

The Group's property portfolio was valued at £18.1 billion at 30 June 2023 (£21.0 billion of assets under management). The portfolio valuation, including completed assets, land and buildings under construction, decreased by 1.4 per cent (adjusting for capital expenditure and asset recycling) during the first six months of the year, compared to an increase of 7.2 per cent in the first half of 2022 and a decline of 16.6 per cent in the second half of 2022.

The slower rate of valuation declines in the first half of 2023 was due to some modest, market-driven yield expansion, 30 basis points across the whole portfolio (UK: 20bps, CE: 40bps), mostly offset by gains from strong rental growth, development profits and asset management across the portfolio.

In the six months to 30 June 2023, the MSCI UK Monthly index showed capital growth of 0.3 per cent, ahead of SEGRO's UK portfolio. However, over the 12 months to 30 June 2023, which we consider to be a more appropriate period due to the significant changes in the property investment market over the past year, SEGRO's UK portfolio outperformed the MSCI UK Monthly index, showing a capital decline of -21.9 per cent vs -26.5 per cent respectively.

Occupier demand has remained healthy and occupancy rates across our markets are high, driving further market rental growth. The external valuer's estimate of the market rental value of our portfolio increased by 3.7 per cent (H1 2022: 5.9 per cent) during the period.

Assets held throughout the year decreased in value by 1.6 per cent. In the UK, the decrease was 0.8 per cent (H1 2022: 7.5 per cent increase). The net true equivalent yield applied to our UK portfolio was 5.0 per cent, 20 basis points higher than at 31 December 2022 (4.8 per cent). Rental values improved by 3.0 per cent (H1 2022: 7.3 per cent).

Assets held throughout the year in Continental Europe decreased in value by 3.0 per cent (H1 2022: 4.2 per cent increase) on a constant currency basis, reflecting a combination of yield expansion to 5.2 per cent (31 December 2022: 4.8 per cent) and rental value growth of 4.8 per cent (H1 2022: 3.6 per cent).

Property portfolio metrics at 30 June 2023[1]

		Portfolio value, £m					Yield[3]		
	Lettable area sq m (AUM)	Completed	Land & develop-ment	Combined property portfolio	Combined property portfolio (AUM)	Valuation movement[2] %	Topped-up net initial %	Net true equivalent %	Occupancy (ERV) %
UK									
Greater London	1,319,894	6,039	273	6,312	6,325	(1.5)	3.5	4.7	92.6
Thames Valley	607,770	2,390	838	3,228	3,228	0.6	4.3	5.4	97.7
National Logistics	817,388	1,369	602	1,971	1,971	0.2	5.3	5.4	98.9
UK Total	**2,745,052**	**9,798**	**1,713**	**11,511**	**11,524**	**(0.8)**	**4.0**	**5.0**	**94.9**
Continental Europe									
Germany	1,838,304	1,664	289	1,953	2,800	–	4.0	4.5	96.8
Netherlands	260,042	162	24	186	371	(1.8)	4.7	5.3	100.0
France	1,606,749	1,663	446	2,109	2,632	(4.8)	4.4	5.3	94.1
Italy	1,608,488	983	166	1,149	1,648	(4.1)	5.1	5.2	99.8
Spain	313,199	247	70	317	510	(5.0)	4.5	4.8	100.0
Poland	1,711,512	685	84	769	1,336	(3.8)	6.0	6.3	96.1
Czech Republic	169,513	97	4	101	203	(2.0)	4.7	6.0	97.7
Continental Europe Total	**7,507,807**	**5,501**	**1,083**	**6,584**	**9,500**	**(3.0)**	**4.6**	**5.2**	**96.7**
GROUP TOTAL	**10,252,859**	**15,299**	**2,796**	**18,095**	**21,024**	**(1.6)**	**4.2**	**5.1**	**95.5**

1. Figures reflect SEGRO wholly-owned assets and its share of assets held in joint ventures unless stated "AUM" which refers to all assets under management.

2. Valuation movement is based on the difference between the opening and closing valuations for properties held throughout the period, allowing for capital expenditure, acquisitions and disposals.

More details of our property portfolio can be found in the H1 2023 Property Analysis Report at www.SEGRO.com/investors.

INVESTMENT ACTIVITY

Net investment during the first half of the year was £551 million comprising: development capital expenditure of £299 million and £326 million of acquisitions, partly offset by £74 million of disposals during the period.

Acquisitions during the first half of 2023 focused on land acquisitions to create future development opportunities (see page 13 for further information).

Disposals comprised £51 million of proceeds from the disposal of two non-core office assets and £23 million of land disposals, primarily small plots of residual land that were unsuitable for industrial development.

Since the period end, we agreed the conditional exchange of a portfolio of UK big box assets in the Midlands, reflecting a price above 30 June 2023 valuation. The conditions have subsequently been met and the transaction is expected to complete in early August.

ASSET MANAGEMENT

Our continued focus on Operational Excellence has helped us deliver £34 million of rent roll growth in the first half of 2023 (H1 2022: £43 million).

Growing rental income from capturing reversion, letting existing space and new developments

At 30 June 2023, our portfolio generated passing rent of £605 million, rising to £660 million once rent free periods expire ('headline rent'). During the period, we contracted £44 million of new headline rent, consistent with our expectations after the elevated levels seen during the pandemic and its immediate aftermath (H1 2022: £55 million). We grew the rent from our existing space significantly through the capture of reversionary potential at rent reviews and renewals and also due to the impact of index-linked leases. Strong occupier demand for new space also helped us sign further pre-let agreements for delivery over the next two years.

Our customer base remains well diversified, reflecting the flexibility of warehouse space. Our top 20 customers account for 32 per cent of total headline rent. Amazon remains our largest customer, accounting for 7 per cent of our total rent roll.

Customers from the transport and logistics and retail sectors were the largest takers of our space during the first six months of 2023, with these sectors focused on ensuring they have efficient and resilient supply chains and distribution networks, as well as building out their capability to respond to increase levels of e-commerce penetration across Europe. The Slough Trading Estate remains a popular location for data centres, and we signed a new lease to deliver space with a leading global data centre operator during the period.

- **£11 million of net new rent from existing assets**. We generated £8 million of headline rent from new leases on existing assets (H1 2022: £11 million) and £12 million from rent reviews, lease renewals and indexation (H1 2022: £13 million). This was offset by rent from space returned of £9 million (H1 2022: £10 million), much of it for refurbishment. Less than £1 million of rent was lost due to insolvency (H1 2022: £1 million).
- **Rental growth from lease reviews and renewals**. These generated an uplift of 20.4 per cent (H1 2022: 23.5 per cent) for the portfolio, compared to previous headline rent. During the year, new rents agreed at review and renewal were 26.4 per cent higher in the UK (H1 2022: 29.0 per cent) as reversion accumulated over the past five years was reflected in new rents agreed. This includes the impact of a particularly large rent review dating back to 2020, and therefore agreed in line with 2020 ERVs; excluding this the uplift would have been 24.0 per cent for the Group and 35.7 per cent for the UK. In Continental Europe, rents agreed on renewal were 9.9 per cent higher (H1 2022: 1.8 per cent higher), as a result of market rental growth continuing to outpace the indexation provisions that have accumulated over recent years.
- **Continued strong demand from customers for pre-let agreements**. We contracted £19 million of headline rent from pre-let agreements and lettings of speculative developments prior to completion (H1 2022: £28 million). This includes a second pre-let at our new UK logistics park in Coventry, space for third-party logistics operators, retailers and manufacturers across Continental Europe, and a data centre in Slough.
- **Rent roll growth of £34 million**. Rent roll growth, which reflects net new headline rent from existing space (adjusted for takebacks of space for development), take-up of developments and pre-lets agreed during the period, was £34 million in H1 2023 (H1 2022: £43 million).

Summary of key leasing data for H1 2023

Summary of key leasing data[1] for the six months to 30 June		H1 2023	H1 2022
Take-up of existing space[2] (A)	£m	**8**	11
Space returned[3] (B)	£m	**(9)**	(10)
NET ABSORPTION OF EXISTING SPACE[2] (A-B)	£m	**(1)**	1
Other rental movements (rent reviews, renewals, indexation)[2] (C)	£m	**12**	13
RENT ROLL GROWTH FROM EXISTING SPACE	£m	**11**	14
Take-up of pre-let developments completed during the period (signed in prior years)[2] (D)	£m	**21**	11
Take-up of speculative developments completed in the past two years[2] (D)	£m	**6**	4
TOTAL TAKE-UP[2] (A+C+D)	£m	**47**	39
Less take-up of pre-lets and speculative lettings signed in prior years[2]	£m	**(22)**	(12)
Pre-lets signed in the period for future delivery[2]	£m	**19**	28
RENTAL INCOME CONTRACTED DURING THE PERIOD[2]	£m	**44**	55
Takeback of space for redevelopment	£m	**(1)**	(2)
Retention rate[4]	%	**85**	79

1. All figures reflect exchange rates at 30 June 2023 and include joint ventures at share.

2. Headline rent.

3. Headline rent, excluding space taken back for redevelopment.

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

Existing portfolio continues to perform well and delivered another set of strong operating metrics

We monitor a number of asset management indicators to assess the performance of our existing portfolio:

- **Occupancy has remained high**. The occupancy rate at 30 June 2023 was 95.5 per cent (31 December 2022: 96.0 per cent), reflecting the completion of newly-completed speculative urban warehousing in South London as well as relocating a number of other customers into brand new space at SEGRO Park Hayes and SEGRO Park Tottenham, allowing us to refurbish and redevelop their former, older space on existing estates. The occupancy rate excluding recently completed speculative developments remains high at 96.7 per cent (31 December 2022: 97.3 per cent). The average occupancy rate during the period was 95.7 per cent (H1 2022: 96.7 per cent) which is at the high end of our 94 to 96 per cent target.
- **Customer retention rate increased to 85 per cent.** Approximately £42 million of headline rent at risk from a break or lease expiry during the period was settled, of which we retained 82 per cent in existing space, with a further 3 per cent retained but in new premises.
- **Lease terms continue to offer attractive income security.** The level of incentives agreed for new leases (excluding those on developments completed in the period) represented 6.1 per cent of the headline rent (H1 2022: 5.9 per cent). We maintained the portfolio's weighted average lease length, with 7.0 years to first break and 8.2 years to expiry (31 December 2022: 7.0 years to first break, 8.3 years to expiry). Lease terms are longer in the UK (8.0 years to break) than in Continental Europe (5.6 years to break), reflecting the market convention of shorter leases in countries such as France and Poland.

Focusing on visibility of customer energy use, highly sustainable refurbishments and the installation of solar panels onto existing assets.

Integrated into the day-to-day management of our portfolio, our teams continue to work hard on our Responsible SEGRO commitment to Champion low-carbon growth and be a net-zero carbon business by 2030. We have a science-based target to reduce the absolute corporate and customer carbon emissions from our portfolio by 42 per cent by 2030 (compared to a 2020 baseline), in line with the 1.5 degree scenario.

The recent introduction of green lease clauses is helping us to improve our visibility of customer emissions, which in turn allows us to better identify opportunities to help them operate their buildings more efficiently, reducing their carbon footprint and operating costs.

We continue to improve the carbon footprint of our portfolio through the ongoing maintenance and refurbishment of our warehouses. One such refurbishment, SEGRO Park Greenford in West London, was awarded BREEAM 'Outstanding' during the period and rated EPC A+. It is our most sustainable refurbishment to date and includes the installation of photo voltaic panels, SMART building sensors, dynamic LED lighting, a green wall which is estimated to remove 260kg of carbon emissions per year (the equivalent to planting ten trees), as well as other features such as EV charging points and air purifiers.

We are also working hard to expand the solar capacity of our portfolio through retrofitting onto existing assets and installing panels on every new development where feasible. During the first half of the year our most significant installation was 6,204 solar panels on a site in Granollers, Spain, which added 2.6 MW to our capacity. We have a pipeline of further projects expected to complete in the second half of the year.

DEVELOPMENT

Growing through development

Development activity

During the first six months of 2023, we invested over £600 million in our development pipeline, which comprised £299 million (H1 2022: £358 million) in development spend, of which £37 million was for infrastructure, and a further £322 million of land to secure future development-led growth opportunities.

Development projects completed

We completed 340,900 sq m of new space during the first half of 2023. These projects were 77 per cent pre-let prior to the start of construction and were 83 per cent let as at 30 June 2023, generating £23 million of headline rent, with a potential further £5 million to come when the remainder of the space is let. The yield on total development cost (including land, construction and finance costs) will be 6.1 per cent when fully let (excluding developments completed by third parties on a forward funded basis acquired at investment value), around 100bp above the portfolio investment yield. The completion yield is slightly lower than in recent years mainly due to the mix of projects and the fact that most of these projects commenced when land and construction costs were at their peak in early 2022.

We completed 260,100 sq m of big box warehouse space, including on one of our last remaining plots at SEGRO Logistics Park East Midlands Gateway. This also included 155,900 sq m of big box warehouses across all of our major European markets, let to third-party logistics operators, retailers and manufacturers.

We completed 80,800 sq m of urban warehouses and data centres in Slough, London, Berlin and Paris, the majority of which was developed speculatively and 65 per cent is already let.

Reducing embodied carbon in our development programme is critical to helping us achieve net-zero carbon by 2030 and we continue to make progress in reducing the carbon intensity of our developments towards our science-based target of a 20 per cent reduction by 2030 (from a 2020 baseline). We use best available data, including Building Information Modelling (BiM) for our life cycle assessments at design stage, which helps us to assess how best to reduce the carbon footprint of our developments.

All of our eligible development completions during the first half of 2023 have been, or are expected to be, accredited at least BREEAM 'Very Good' (or local equivalent), with 85 per cent 'Excellent' or 'Outstanding'.

Current development pipeline

At 30 June 2023, we had development projects approved, contracted or under construction totalling 616,500 sq m, representing £271 million of future capital expenditure to complete and £66 million of annualised gross rental income when fully let. 65 per cent of this rent has already been secured and these projects should yield 7.2 per cent on total development cost when fully occupied.

In the UK, we have 197,900 sq m of space approved or under construction. Within this are our first multi-level warehouse scheme in West London, three new data centres on the Slough Trading Estate and big box warehouses at our logistics parks in Coventry and East Midlands Gateway.

In Continental Europe, we have 418,600 sq m of space approved or under construction. This includes pre-let big box warehouses for a variety of different occupiers, from retailers to manufacturers, across all our European markets. We are also developing further phases of our successful urban warehouse parks in Amsterdam, Cologne, Lyon and Paris.

We continue to focus our speculative developments on urban warehouse projects, particularly in cities such as London, Paris and Berlin, where modern space is in short supply and occupier demand is strong.

We have factored current construction and financing costs into the development returns for our future development projects. Encouragingly, we are seeing build costs stabilise across most of our markets and in some regions have started to see construction tenders coming in at reduced prices. We expect to be able to develop at a margin over the valuation yields on equivalent standing assets of at least 150 basis points, meaning that it remains a profitable way of growing the rent roll.

FUTURE DEVELOPMENT PIPELINE

Near-term development pipeline

Within the future development pipeline are a number of pre-let projects close to being approved, awaiting either final conditions to be met or planning approval to be granted. We expect to commence these projects within the next six to 12 months.

These projects total 124,300 sq m of space, equating to approximately £94 million of future capital expenditure and £10 million of potential annual rent.

Land bank

Our land bank identified for future development (including the near-term projects detailed above) totalled 1,125 hectares as at 30 June 2023, valued at £1.8 billion, roughly 10 per cent of our total portfolio value. This includes £741 million of land acquired for future re-development but which is currently income producing, reducing the holding costs until development can start (equating to £20 million of annualised rent, excluded from passing rent).

The land bank includes £322 million of land acquired during the first six months of the year, including land associated with developments already underway or expected to start in the short term. This includes the acquisition of Bath Road Shopping Park in Slough, which creates significant further potential for data centre development in the Slough Trading Estate. We also acquired the former Radlett Aerodrome in Hertfordshire, a brown-field site on the edge of London and close to the M25, which provides us with the opportunity to develop an exceptionally rare site of scale that will deliver over 330,000 sq m of logistics buildings. It will be supported by a strategic rail freight interchange and we will also be creating a substantial country park for use by the local community. We also purchased small plots of land in Italy, France, Spain and Poland.

We estimate our land bank can support 3.7 million sq m of development over the next five to seven years. The estimated capital expenditure associated with the future pipeline is approximately £3.4 billion. It could generate £370 million of gross rental income, representing a yield on total development cost (including land and notional finance costs) of around 7 per cent. These figures are indicative, based on our current expectations, and are dependent on our ability to secure pre-let agreements, planning permissions, construction contracts and on our outlook for occupier conditions in local markets.

Conditional land acquisitions and land held under option agreements

Land acquisitions (contracted but subject to further conditions) and land held under option agreements are not included in the figures above, but represent significant further development opportunities. These include sites for big box warehouses in the UK Midlands as well as in Italy and Poland. They also include urban warehouse sites in East and West London.

The options are held on the balance sheet at a value of £23 million (including joint ventures and associates at share). Those we expect to exercise over the next two to three years are for land capable of supporting almost 1.6 million sq m of space and generating almost £154 million of headline rent, for a blended yield of approximately 7 per cent.

Further details of our completed projects and development pipeline are available in the H1 2023 Property Analysis Report, at www.SEGRO.com/investors.

INTERIM DIVIDEND OF 8.7 PENCE PER SHARE

Consistent with its previous guidance that the interim dividend would normally be set at one-third of the previous year's total dividend, the Board has declared an increase in the interim dividend of 0.6 pence per share to 8.7 pence (H1 2022: 8.1 pence), a rise of 7.4 per cent. This will be paid as a Property Income Distribution (PID) on 22 September 2023 to shareholders on the register at the close of business on 9 August 2023.

The Board will offer a scrip dividend option for the 2023 interim dividend, allowing shareholders to choose whether to receive the dividend in cash or new shares. In respect of the 2022 final dividend, 49 per cent of shareholders, representing £107 million of dividend payments, elected for the scrip option which resulted in the issue of 14.5 million new shares.

FINANCIAL REVIEW

Like-for-like net rental income growth and income from new developments were the primary drivers of the 3 per cent increase in Adjusted profit before tax compared to H1 2022. Adjusted NAV per share decreased by 3 per cent to 937 pence compared to December 2022, primarily due to the valuation deficit on the property portfolio.

Financial highlights

	30 June 2023	30 June 2022	31 December 2022
IFRS net asset value (NAV) per share (diluted) (p)	**913**	1,212	938
Adjusted NAV per share[1] (diluted) (p)	**937**	1,249	966
IFRS (loss)/profit before tax (£m)	**(33)**	1,375	(1,967)
Adjusted profit before tax[2] (£m)	**198**	193[3]	386
IFRS earnings per share (EPS) (p)	**(1.9)**	110.7	(159.7)
Adjusted EPS[2] (p)	**15.9**	15.6[3]	31.0

1. A reconciliation between IFRS NAV and Adjusted NAV is shown in Note 11.
2. A reconciliation between IFRS profit before tax and Adjusted profit before tax is shown in Note 2 and between IFRS EPS and Adjusted EPS is shown in Note 11.
3. The Adjusted profit before tax and Adjusted EPS for HY 2022 has been represented to exclude the impact of the SELP performance fee as detailed further below and in Note 2.

Presentation of financial information

The condensed financial information is prepared under IFRS where the Group's interests in joint ventures and associates are shown as a single line item on the income statement and balance sheet, whereas subsidiaries are consolidated line by line.

The Adjusted profit measure better reflects the underlying recurring performance of the Group's property rental business, which is SEGRO's core operating activity. It is based on the Best Practices Recommendations of the European Public Real Estate Association (EPRA) which are widely used alternate metrics to their IFRS equivalents (further details on EPRA Best Practices Recommendations can be found at www.epra.com). In calculating Adjusted profit, the Directors may also exclude additional items considered to be non-recurring, not in the ordinary course of business or significant by virtue of size and nature.

At 30 June 2022 estimated SELP performance fees were included in Adjusted Profit. They were not excluded because it was anticipated that further fees would subsequently be recognised throughout the latter part of the performance period and therefore these would not be considered unusual. The market volatility that was seen in the latter half of 2022 significantly impacted property valuations and consequentially, management's consideration of SELP performance fees, leading to the reversal of the fee recognised in the six months to 30 June 2022 and no performance fee recognised for the year ended 31 December 2022 or the six months ended 30 June 2023. Based on this volatility, these fees are now considered unusual as they are inherently uncertain and sensitive to movements in property valuations (which themselves are excluded from the EPRA profit metric). In excluding such items going forward, management believe this gives a more reliable and relevant measure of the underlying performance of the business. At 30 June 2022 (as previously reported) the performance fee recognised was £42 million within Joint venture fee income; a cost of £19 million within Share of joint ventures' and associates adjusted profit after tax (being the share of performance fee cost of £21 million less a tax credit of £2 million); and a tax charge of £7 million was recognised in respect of the performance fee income. Overall, the net profit after tax impact is a decrease in the previously reported Adjusted profit of £16 million. The H1 2022 Adjusted profit has therefore been represented to exclude these items and the previously reported amount has decreased from £204 million to £188 million (as detailed further in Note 2). The FY 2022 and H1 2023 reported results are not impacted by this change.

A detailed reconciliation between Adjusted profit after tax and IFRS profit after tax is provided in Note 2 of the condensed financial information. The Adjusted NAV per share measure reflects the EPRA Net Tangible Asset metric and based on the EPRA Best Practices Reporting Recommendations. A detailed reconciliation between Adjusted NAV and IFRS NAV is provided in Note 11(ii) of the condensed financial information.

The Supplementary Notes to the condensed financial information include other EPRA metrics as well as SEGRO's Adjusted income statement and balance sheet presented on a proportionately consolidated basis.

SEGRO monitors the above alternative metrics, as well as the EPRA metrics for vacancy rate, net asset value, loan-to-value ratio and total cost ratio, as they provide a transparent and consistent basis to enable comparison between European property companies.

Look-through metrics provided for like-for-like net rental income include joint ventures and associates at share in order that our full operations are captured, therefore providing more meaningful analysis.

ADJUSTED PROFIT

Adjusted profit

	Six months to 30 June 2023 £m	Six months to 30 June 2022 (represented[3]) £m
Gross rental income	**266**	239
Property operating expenses	**(42)**	(36)
Net rental income	**224**	203
Joint venture management fee income	**16**	15
Management and development fee income	**3**	2
Net solar energy income	**–**	1
Administrative expenses	**(33)**	(31)
Share of joint ventures and associates' Adjusted profit after tax[1]	**40**	35
Adjusted operating profit before interest and tax	**250**	225
Net finance costs	**(52)**	(32)
Adjusted profit before tax	**198**	193
Tax on Adjusted profit	**(5)**	(5)
Adjusted profit after tax[2]	**193**	188

1. Comprises net property rental income and management income less administrative expenses, net interest expenses and taxation.

2. A detailed reconciliation between Adjusted profit after tax and IFRS profit after tax is provided in Note 2 to the condensed financial information.

3. Adjusted profit for HY 2022 has been represented to exclude the impact of the SELP performance fee as detailed further in Note 2.

Adjusted profit before tax increased by £5 million (3 per cent) to £198 million (H1 2022: £193 million) during H1 2023. The results are driven by growth in net rental income (including joint ventures and associates at share) of £31 million which has been offset by an increase in net finance costs of £20 million as detailed further below.

Adjusted profit is detailed further in Note 2 of the condensed financial information.

Net rental income (including joint ventures and associates at share)

Net rental income	Six months to 30 June 2023 £m	Six months to 30 June 2022 £m	Change[3] %
UK	**153**	147	4.3
Continental Europe	**98**	92	6.4
Like-for-like net rental income before other items[1]	**251**	239	5.1
Other[2]	**(3)**	(3)	
Like-for-like net rental income (after other)	**248**	236	5.1
Development lettings	**22**	1	
Properties taken back for development	**7**	9	
Like-for-like net rental income plus developments	**277**	246	
Properties acquired	**3**	1	
Properties sold	**–**	4	
Net rental income before surrenders, dilapidations and exchange	**280**	251	
Lease surrender premiums and dilapidations income	**1**	3	
Other items and rent lost from lease surrenders	**5**	5	
Impact of exchange rate difference between periods	**–**	(4)	
Net rental income (including joint ventures and associates at share)[5]	**286**	255	
SEGRO share of joint venture management fees	**(6)**	(6)	
Net rental income after SEGRO share of joint venture management fees	**280**	249	

1. Like-for-like change by Business Unit: Greater London 4.5%, Thames Valley 3.8%, National Logistics 4.5%, Northern Europe 8.1%, Southern Europe 4.8%, Central Europe 8.7%.
2. Other includes the corporate centre and other costs relating to the operational business which are not specifically allocated to a geographical business unit.
3. Percentage change has been calculated using the figures presented in the table above in millions accurate to one decimal place.
4. The like-for-like net rental growth metric is based on properties held throughout both 2023 and 2022 on a proportionally consolidated basis. This provides details of net rental income growth excluding the distortive impact of acquisitions, disposals, and development completions. Where an asset has been sold into a joint venture (sales to SELP, for example) the 50 per cent share owned throughout the period is included in like-for-like calculation or development lettings where applicable, with the balance shown as disposals.
5. Net rental income based on Adjusted profit metrics in Table 2 which exclude joint venture management fees and performance fees.

The like-for-like rental growth metric is based on properties held throughout both H1 2023 and H1 2022 and comprises wholly-owned assets (net rental income of £224 million) and SEGRO's share of net rental income held in joint ventures and associates (£56 million) totalling £280 million.

Net rental income increased by £31 million in H1 2023, reflecting the positive impact of like-for-like rental growth of £12 million and £21 million of additional income from development lettings.

On a like-for-like basis, before other items, net rental income increased by £12 million, or 5.1 per cent, compared to H1 2022. In the UK there was a 4.3 per cent increase and in Continental Europe a 6.4 per cent increase. This is due to strong rental performance from rent reviews and indexation across our portfolio.

Income from joint ventures and associates

Joint venture management fee income increased by £1 million to £16 million in H1 2023. The prior period recognition of a performance fee of £42 million in respect of the SELP joint venture (as detailed further in Note 6 of the condensed financial information) has been excluded from Adjusted profit as discussed above.

SEGRO's share of joint ventures and associates' Adjusted profit after tax increased by £5 million from £35 million in H1 2022 to £40 million in H1 2023 as a result of growth in net rental income in the SELP joint venture.

Administrative and operating costs

The Total Cost Ratio ('TCR') for H1 2023 of 20.4 per cent was broadly consistent with H1 2022 (20.5 per cent). Excluding the impact of share-based payments, the cost of which are directly linked to the relative total return of the property portfolio, the Cost Ratio of 18.8 per cent in H1 2023 was also broadly consistent with H1 2022 (18.7 per cent). The calculations are set out in Table 9 of the Supplementary Notes to the condensed financial information.

Property operating expenses in the wholly-owned portfolio have increased in the period from £36 million in H1 2022 to £42 million in H1 2023, as the portfolio has grown in size. Administrative expenses have increased by £2 million, as a result of increased staff costs following headcount increases.

Net finance costs

Net finance costs have increased by £20 million during the period from £32 million in H1 2022 to £52 million in H1 2023. The increased net interest costs on overdrafts, loans and related derivatives (£41 million higher) reflect the higher interest rates in H1 2023 compared to H1 2022. This is partially offset by an increase of £21 million interest capitalised on the development of properties, reflecting the higher interest cost of new borrowings to fund this expenditure.

Taxation

The tax charge on Adjusted profit of £5 million (H1 2022: £5 million) reflects an effective tax rate of 2.5 per cent (H1 2022: 2.6 per cent).

The Group's tax rate reflects the fact that over three-quarters of its assets are located in the UK and France and qualify for REIT and SIIC status respectively in those countries. This status means that income from rental profits and gains on disposals of assets in the UK and France are exempt from corporation tax, provided SEGRO meets a number of conditions including, but not limited to, distributing 90 per cent of UK taxable profits.

Adjusted earnings per share

Adjusted earnings per share were 15.9 pence (H1 2022: 15.6 pence) reflecting the £5 million increase in Adjusted profit after tax slightly offset by the higher average number of shares compared to the prior period. The increase in shares is primarily as a result of the scrip dividend take-up for the 2022 dividends.

IFRS (LOSS)/PROFIT

IFRS (loss)/profit before tax has decreased by £1,408 million from a profit of £1,375 million in H1 2022 to a loss of £33 million in H1 2023 as a result of the movements described below, primarily due to property revaluation losses in the period.

IFRS (loss)/profit after tax has decreased by £1,357 million to a £23 million loss in H1 2023. This equated to post-tax IFRS loss per share of 1.9 pence compared with IFRS earnings per share of 110.7 pence for H1 2022.

The decrease in IFRS profit after tax is driven primarily by a fall in valuation gains and losses on the property portfolio (including joint ventures at share) of £1,620 million, from a surplus of £1,345 million at HY 2022 to a deficit of £275 million in the current period. Further breakdown is detailed in Note 7. These losses are partially offset by a reduction in tax charge in respect of adjustments of £95 million (being £51 million in respect of wholly-owned properties and £44 million in respect of joint ventures and associates at share). These tax movements primarily arise as a consequence of the revaluation deficits recognised.

In addition, IFRS profit in HY 2023 has fallen £16 million compared to HY 2022 due to the impact of the recognition of a performance fee in the prior period. Further detail on the presentation and nature of this fee is given in Note 2 and 6 respectively.

In addition, IFRS profit after tax includes £23 million in respect of fair value gains from derivatives (compared to a loss of £150 million in HY 2022) which mainly arise on interest rate swaps. The overall reduction in IFRS profit after tax has therefore been offset by £173 million in respect of this item.

A reconciliation between Adjusted profit before tax and IFRS profit before tax is provided in Note 2 to the condensed financial information.

BALANCE SHEET

Adjusted net asset value

	£m	Shares million	Pence per share
Adjusted net assets attributable to ordinary shareholders at 31 December 2022	**11,717**	**1,212.5**	**966**
Realised and unrealised property gains and losses (including joint ventures and associates)[1]	(264)		(22)
Adjusted profit after tax	193		16
Dividend net of scrip shares issued (2022 final)	(113)		(20)
Other including exchange rate movement (net of hedging)	(33)		(3)
Adjusted net assets attributable to ordinary shareholders at 30 June 2023	**11,500**	**1,227.4**	**937**

1. Includes unrealised valuation losses of £275 million and realised property gains of £11 million (being: £9 million profit on sale of investment properties and other investment income; and £2 million gain on sale of trading properties). See Note 7 for further details.

At 30 June 2023, IFRS net assets attributable to ordinary shareholders (on a diluted basis) were £11,203 million (31 December 2022: £11,373 million), equating to 913 pence per share (31 December 2022: 938 pence).

Adjusted net asset value per share at 30 June 2023 was 937 pence measured on a diluted basis (31 December 2022: 966 pence), a decrease of 3 per cent in the period. The table above highlights the principal factors behind the decrease. The dividend impact includes the dilutive effect of issuing scrip shares in lieu of cash.

A reconciliation between IFRS and Adjusted net assets is available in Note 11 to the condensed financial information.

CASH FLOW AND NET DEBT RECONCILIATION

Cash flow from operations for the period was £254 million, an increase of £29 million from H1 2022 (£225 million), consistent with the increased rental income received during the period.

The largest cash outflow in the period relates to acquisitions and developments of investment properties at £580 million, which primarily reflects the Group's investment activity during the period and ongoing development activity (see Investment Activity and Development sections above for more details). Cash flows from investment property sales are £41 million and £1 million was spent on acquisitions of other property interests, giving a net outflow of £540 million from property investment activity compared to £441 million in the prior period.

Another significant financing cash flow is dividends paid of £113 million (H1 2022: £100 million) reflecting the increased dividend per share and level of scrip dividend take-up. Furthermore, during the period, the Group paid £15 million to acquire the 5 per cent of Vailog s.r.l. it did not already own.

As a result of these factors there was a net funds outflow of £490 million during the period compared to £385 million in H1 2022.

Cash flow and net debt reconciliation

	Six months to 30 June 2023 £m	Six months to 30 June 2022 £m
Opening net debt	**(4,722)**	(3,314)
Cash flow from operations	**254**	225
Finance costs (net)	**(65)**	(47)
Dividends received	**3**	5
Tax paid	**(4)**	(13)
Free cash flow	**188**	170
Dividends paid	**(113)**	(100)
Acquisitions and development of investment properties	**(580)**	(658)
Investment property sales	**41**	223
Acquisitions of other interests in property and other investments	**(1)**	(6)
Purchase of non-controlling interest	**(15)**	–
Net settlement of foreign exchange derivatives	**(2)**	15
Net investment in joint ventures and associates	**1**	(31)
Other items	**(9)**	2
Net funds flow	**(490)**	(385)
Non-cash movements	**(4)**	(4)
Exchange rate movements	**88**	(82)
Closing net debt	**(5,128)**	(3,785)

Capital expenditure

The table below sets out analysis of the capital expenditure on property assets during the period on a basis consistent with the EPRA Best Practices Recommendations. This includes acquisition and development spend, on an accruals basis, in respect of the Group's wholly-owned investment and trading property portfolios, as well as the equivalent amounts for joint ventures and associates at share.

Total spend for the period was £702 million, a decrease of £69 million compared to H1 2022. Acquisitions for the period were £326 million, a decrease of £39 million compared to H1 2022 and primarily related to land at Radlett and the Bath Road Shopping Park in Slough. Development capital expenditure for the period was £299 million, a decrease of £59 million compared to H1 2022, with the largest spend continuing to be on our schemes in the UK National Logistics business unit and in Italy.

Spend on existing completed properties totalled £27 million (H1 2022: £21 million), over half of which was for value-enhancing major refurbishment and fit-out costs prior to re-letting.

EPRA capital expenditure analysis

	Six months to 30 June 2023			Six months to 30 June 2022		
	Wholly-owned £m	**Joint ventures and associates £m**	**Total £m**	Wholly-owned £m	Joint ventures and associates £m	Total £m
Acquisitions	**323[1]**	**3**	**326**	328[1]	37	365
Development[5]	**248[2]**	**51**	**299**	324[2]	34	358
Capitalised interest[4,5]	**27**	**2**	**29**	6	–	6
Investment properties:						
Incremental lettable space	**1**	**–**	**1**	1	–	1
Non-incremental lettable space	**21**	**5**	**26**	16	4	20
Tenant incentives[3]	**17**	**4**	**21**	16	5	21
Total	**637**	**65**	**702**	691	80	771

1. Being £323 million investment property and £nil trading property (H1 2022: £328 million and £nil respectively) see Note 12.

2. Being £248 million investment property and £nil trading property (H1 2022: £320 million and £4 million respectively) see Note 12.

3. Includes tenant incentives, letting fees and rental guarantees.

4. Capitalised interest on development expenditure.

5. Development and capitalised interest on development expenditure were previously presented in total as a single line items in the table above. In line with EPRA BPR Guidelines, development and capitalised interest are now presented as separate line items and the prior period comparative has been represented in the table.

FINANCIAL POSITION AND FUNDING

Financial Key Performance Indicators

GROUP ONLY	**30 June 2023**	30 June 2022	31 December 2022
Net borrowings (£m)[3]	**5,128**	3,785	4,722
Available cash and undrawn committed facilities (£m)[4]	**1,410**	1,778	1,720
Gearing (%)	**45**	26	41
LTV ratio (%)	**34**	22	32
Weighted average cost of debt[1] (%)	**3.0**	1.7	2.6
Interest cover[2] (times)	**3.2**	6.1	4.3
Average duration of debt (years)	**8.1**	9.0	9.4
INCLUDING JOINT VENTURES AND ASSOCIATES AT SHARE			
Net borrowings (£m)[3]	**6,078**	4,717	5,693
Available cash and undrawn committed facilities (£m)[4]	**1,687**	1,966	2,007
LTV ratio (%)	**34**	23	32
Weighted average cost of debt[1] (%)	**2.9**	1.6	2.5
Interest cover[2] (times)	**3.4**	6.2	4.5
Average duration of debt (years)	**7.5**	8.0	8.6

1. Based on gross debt, excluding commitment fees and non-cash interest.

2. Net rental income/adjusted net finance costs (before capitalisation) on a rolling 12 month basis.

3. SEGRO Group cash and cash equivalents have been restated as at 30 June 2022. See Note 1 for further details. Net borrowings as at 30 June 2022 have been restated to reflect this change.

4. Available cash and undrawn committed facilities exclude tenant deposit balances and uncommitted facilities as detailed further in Note 13.

At 30 June 2023, the Group's net borrowings (including the Group's share of borrowings in joint ventures and associates) were £6,078 million (31 December 2022: £5,693 million). The loan to value ratio (including joint ventures and associates at share) was 34 per cent (31 December 2022: 32 per cent) with £1,687 million of cash and undrawn facilities available for investment.

Gross borrowings of SEGRO Group were £5,231 million at 30 June 2023, all but £1 million of which were unsecured, and cash and cash equivalent balances were £103 million. SEGRO's share of gross borrowings

in its joint ventures and associates was £990 million (all of which were advanced on a non-recourse basis to SEGRO) and cash and cash equivalent balances of £40 million.

Cash and cash equivalent balances, together with the Group's interest rate and foreign exchange derivative portfolio, are spread amongst a strong group of banks, all of which have a credit rating of A- or better.

During the period, SEGRO drew down £300 million and €407 million term loan facilities which were the main contributors to the reduction in the duration of debt.

In May 2023, SEGRO extended the maturity of €200 million of its revolving credit facilities for a further year to 2028. SELP also extended the maturity of its €600 million revolving credit facilities for a further year to 2027.

In June 2023, SEGRO arranged two further term loan facilities. The first facility has £100 million of commitment maturing in 2026; the second facility has €150 million of commitment also maturing in 2026. Both term loan facilities were undrawn at 30 June 2023.

MONITORING AND MITIGATING FINANCIAL RISK

The Group monitors a number of financial metrics to assess the level of financial risk being taken and to mitigate that risk.

Treasury policies and governance

The Group Treasury function operates within a formal policy covering all aspects of treasury activity, including funding, counterparty exposure and management of interest rate, currency and liquidity risks. Group Treasury reports on compliance with these policies on a quarterly basis and policies are reviewed regularly by the Board.

Gearing and financial covenants

The key leverage metric for SEGRO is its loan to value ratio (LTV), which incorporates assets and net debt on SEGRO's balance sheet and SEGRO's share of assets and net debt on the balance sheets of its joint ventures and associates. The LTV at 30 June 2023 on this 'look-through' basis was 34 per cent (31 December 2022: 32 per cent).

Our borrowings contain gearing covenants based on Group net debt and net asset value, excluding debt in joint ventures and associates. The gearing ratio of the Group at 30 June 2023, as defined within the principal debt funding arrangements of the Group, was 45 per cent (31 December 2022: 41 per cent). This is significantly lower than the Group's tightest financial gearing covenant within these debt facilities of 160 per cent. Property valuations would need to fall by around 45 per cent from their 30 June 2023 levels to reach the gearing covenant threshold of 160 per cent.

The Group's other key financial covenant within its principal debt funding arrangements is interest cover, requiring that net interest before capitalisation be covered at least 1.25 times by net property rental income. At 30 June 2023, the Group comfortably met this ratio at 3.2 times, calculated on a rolling 12 month basis in line with covenant requirements. On a look-through basis, including joint ventures and associates, this ratio was 3.4 times.

We mitigate the risk of over-gearing the Company and breaching debt covenants by carefully monitoring the impact of investment decisions on our LTV and by stress-testing our balance sheet to potential changes in property values. We also expect to continue to recycle assets which would also provide funding for future investment.

Our intention for the foreseeable future is to maintain our LTV at around 30 per cent, although the evolution of the property cycle will inevitably mean that there are periods of time when our LTV is higher or lower than this. However, this level of LTV through the cycle provides the flexibility to take advantage of investment opportunities arising and ensures significant headroom compared against our tightest gearing covenant should property values decline.

The Group's debt has a range of maturities. The next debt maturity for the Group is the £82 million of SEGRO 2024 sterling bonds, which are now due in August 2023 following the announcement of their early redemption.

There are no other significant debt maturities until the second half of 2025. This long average debt maturity translates into a favourable, well spread debt funding maturity profile which reduces future refinancing risk.

Interest rate risk

The Group's interest rate risk policy is designed to ensure that we limit our exposure to volatility in interest rates. The policy states that between 50 and 100 per cent of net borrowings (including the Group's share of borrowings in joint ventures and associates) should be at fixed or capped rates, including the impact of derivative financial instruments.

As at 30 June 2023, including the impact of derivative instruments, 91 per cent (31 December 2022: 95 per cent) of the net borrowings of the Group (including the Group's share of borrowings within joint ventures and associates) were at fixed or capped rates.

GROUP ONLY (% of net borrowings)	**30 June 2023**	30 June 2022	31 December 2022
Fixed rate	**72**	70	79
Capped rate – triggered	**13**	–	9
Capped rate – not triggered	**4**	21	6
Floating rate	**11**	9	6
TOTAL	**100**	100	100
INCLUDING JOINT VENTURES AND ASSOCIATES AT SHARE (% of net borrowings)			
Fixed rate	**76**	74	83
Capped rate – triggered	**12**	–	8
Capped rate – not triggered	**3**	17	4
Floating rate	**9**	9	5
TOTAL	**100**	100	100

As a result of the fixed and capped rate cover in place, if short term interest rates had been 1 per cent higher throughout the six month period to 30 June 2023, the adjusted net finance cost of the Group would have increased by approximately £3 million representing around 2 per cent of Adjusted profit after tax.

The Group elects not to hedge account its interest rate derivatives portfolio. Therefore, movements in derivative fair values are taken to the income statement but, in accordance with EPRA Best Practices Recommendations Guidelines, these gains and losses are excluded from Adjusted profit after tax.

Foreign currency translation risk

The Group has negligible transactional foreign currency exposure but does have a potentially significant currency translation exposure arising on the conversion of its substantial foreign currency denominated assets (mainly euro) and euro denominated earnings into sterling in the Group consolidated accounts.

The Group seeks to limit its exposure to volatility in foreign exchange rates by hedging at a level between the period-end Group LTV percentage and 100 per cent of its foreign currency gross assets through either borrowings or derivative instruments. At 30 June 2023, the Group had gross foreign currency assets which were 77 per cent hedged by gross foreign currency denominated liabilities (including the impact of derivative financial instruments).

The exchange rate used to translate euro denominated assets and liabilities as at 30 June 2023 into sterling within the balance sheet of the Group was €1.16:£1 (31 December 2022: €1.13:£1). Including the impact of forward foreign exchange and currency swap contracts used to hedge foreign currency denominated net assets, if the value of the other currencies in which the Group operates at 30 June 2023 weakened by 10 per cent against sterling (€1.28, in the case of euros), net assets would have decreased by approximately £124 million and there would have been a reduction in gearing of approximately 2.5 per cent and in the LTV of approximately 1.5 per cent.

The average exchange rate used to translate euro denominated earnings generated during the six months ended 30 June 2023 into sterling within the consolidated income statement of the Group was €1.14:£1 (H1 2022: €1.19:£1).

Based on the hedging position at 30 June 2023, and assuming that this position had applied throughout the six month period, if the euro had been 10 per cent weaker than the average exchange rate (€1.25:£1), Adjusted profit after tax for the six month period would have been approximately £4 million (2.1 per cent) lower than reported. If it had been 10 per cent stronger, adjusted profit after tax for the period would have been approximately £4 million (2.1 per cent) higher than reported.

GOING CONCERN

As noted in the Financial Position and Funding section above, the Group has significant available liquidity to meet its capital commitments, a long-dated debt maturity profile and substantial headroom against financial covenants.

- In June 2023, the Group executed two additional term loan facilities. The first facility has a commitment of £100 million, and a second facility has a commitment of €150 million. Both term loan facilities were undrawn at 30 June 2023 and have a three year maximum term.
- Cash and available committed facilities, excluding tenant deposits, at 30 June 2023 were £1.4 billion.
- The Group continuously monitors its liquidity position compared to committed and expected capital and operating expenses on a rolling forward 18 month basis. The quantum of committed capital expenditure at any point in time is typically low due to the short timeframe to construct warehouse buildings.
- The Group also regularly stress-tests its financial covenants. As noted above, at 30 June 2023, property values would need to fall by around 45 per cent before breaching the gearing covenant. In terms of interest cover, net rental income would need to fall by 60 per cent or the average interest rate would need to reach 8% before breaching the interest cover covenant. All would be significantly in excess of the Group's experience during the financial crisis.

Having made enquiries and having considered the principal risks facing the Group, including liquidity and solvency risks, and material uncertainties, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future (a period of at least 12 months from the date of approval of the financial statements). Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

STATEMENT OF PRINCIPAL RISKS

The Board has overall responsibility for ensuring that risk is effectively and consistently managed across the Group. The Audit Committee monitors the effectiveness of the Group's risk management process on behalf of the Board.

The risk management process is designed to identify, evaluate and respond to the significant risks (including emerging risks) that the Group faces. The process aims to understand, document and mitigate, rather than eliminate, the risk of failure to achieve business objectives, and therefore can only provide reasonable and not absolute assurance.

The identification and review of emerging risks are integrated into our risk review process.

The Group's risk management process including risk appetite, its integrated approach, governance arrangements in place remain as described in the Managing Risks section of the 2022 Annual Report on pages 64 to 74. The Board has performed a robust assessment of the principal and emerging risks facing the Group and has concluded that they continue to apply and expected to be relevant for the remaining six months of the year.

The principal risks and uncertainties are summarised below:

- **Macroeconomic Impact on Market Cycle.** The property market is cyclical in nature and there is a continuous risk that the Group could either misread or fail to react appropriately to changing property market cost of finance or wider macroeconomic/geopolitical conditions. This could result in an incorrect strategy or the ability to deliver a strategy being inhibited and consequential impact on property performance and shareholder value.
- **Portfolio Strategy and Execution.** The Group's Total Property and/or Shareholder Returns could underperform in absolute or relative terms as a result of an inappropriate portfolio strategy.
- **Major Event / Business Disruption.** Unexpected global, regional or national events result in severe adverse disruption to SEGRO, such as sustained asset value or revenue impairment, solvency or covenant stress, liquidity or business continuity challenges. A global event or business disruptor may include but is not limited to a global financial crisis, health pandemic, power/water shortages, civil unrest, act of terrorism, cyber-attack or other IT disruption. Events may be singular or cumulative, and lead to acute/systemic issues in the business and/or operating environment.
- **Health & Safety.** A health and safety incident may occur which may involve harm to an individual or loss of life. This may be due to the failure of management processes, failure of a building or other physical asset, or negligence of a third party. Furthermore, the Group may breach relevant legislation and fail to provide suitable employee support. This may consequentially result in litigation, fines, serious reputational damage and a negative impact on employees.
- **Environmental Sustainability and Climate Change.** Failure to anticipate and respond to the impact of both physical and transitional risks from climate change on the sustainability of our environment is both a principal and emerging risk. The likelihood of increased severity and unpredictability of weather-related events may result in more frequent damage to our buildings causing disruption and increased costs to SEGRO and our customers. Non-compliance with changing laws, regulations, policies, taxation and obligations could cause loss of value to the Group. Not keeping pace with social attitudes and customer behaviours and preferences whereby SEGRO may need to alter the design and build and/or energy provision of their assets could additionally cause reputational damage and reduce the attractiveness and value of our assets. The volume of new legislation and guidance in this area have continued to increase.
- **Development Plan Execution.** The Group could suffer significant financial losses from cost over-runs, for example, due to contractor default or poor performance and management; increased construction costs; above-appetite exposure to non-income producing assets; inappropriate land acquisition due

diligence (including energy accessibility); and market competition reducing access to suitable land bank and/or increasing acquisition costs.

- **Financing Strategy.** The Group could suffer an acute liquidity or solvency crisis, financial loss or financial distress as a result of a failure in the design or execution of its financing strategy. Such an event may be caused by a failure to obtain debt or equity funding; having an inappropriate debt structure; poor forecasting; defaulting on loan agreements as a result of a breach of financial or other covenants; or counterparty default. The recent inflationary pressures have caused increases to debt costs and impacted property yields.
- **Legal, Political and Regulatory.** The Group could fail to anticipate significant political, legal, tax or regulatory changes, leading to a significant unexpected financial or reputational impact.
- **People and Talent.** The performance of the business could be impaired due to SEGRO: not having the appropriate culture, organisational structure and skilled people to deliver its strategy and its strategic priorities; failing to attract, motivate, retain and develop diverse talent as part of our Nurturing Talent ambition; and failing to prepare adequate succession plans. Transition risks arise as the Group moves to a new operational structure and reporting lines.
- **Operational Delivery.** The Group's ability to protect its reputation, revenues and shareholder value could be damaged by operational failures such as: major customer default; supply chain failure or the structural failure of one of our assets.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

(a) the interim condensed set of financial statements has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted by the United Kingdom and European Union;

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties’ transactions and changes therein).

By order of the Board,

David Sleath	Soumen Das
Chief Executive	Chief Financial Officer

INDEPENDENT REVIEW REPORT TO SEGRO PLC

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Our conclusion

We have reviewed SEGRO plc's condensed consolidated interim financial statements (the "interim financial statements") in the half year results of SEGRO plc for the 6 month period ended 30 June 2023 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed Group Balance Sheet as at 30 June 2023;
- the Condensed Group Income Statement and Condensed Group Statement of Comprehensive Income for the period then ended;
- the Condensed Group Cash Flow Statement for the period then ended;
- the Condensed Group Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half year results of SEGRO plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half year results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half year results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the half year results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the half year results, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the half year results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

Chartered Accountants

London

26 July 2023

CONDENSED GROUP INCOME STATEMENT

For the six months ended 30 June 2023

	Notes	**Half year to 30 June 2023 (unaudited) £m**	Half year to 30 June 2022 (unaudited) £m	Year to 31 December 2022 (audited) £m
Revenue	4	**342**	330	669
Costs	5	**(97)**	(65)	(214)
		245	265	455
Administrative expenses		**(33)**	(31)	(59)
Share of (loss)/profit from joint ventures and associates after tax	6	**(28)**	151	(144)
Realised and unrealised property gains and losses	7	**(188)**	1,172	(1,946)
Operating (loss)/profit		**(4)**	1,557	(1,694)
Finance income	8	**38**	36	67
Finance costs	8	**(67)**	(218)	(340)
(Loss)/profit before tax		**(33)**	1,375	(1,967)
Tax	9	**10**	(41)	37
(Loss)/profit after tax		**(23)**	1,334	(1,930)
Attributable to equity shareholders		**(23)**	1,333	(1,927)
Attributable to non-controlling interests		**–**	1	(3)
Earnings per share (pence)				
Basic	11	**(1.9)**	110.7	(159.7)
Diluted	11	**(1.9)**	110.4	(159.7)

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Half year to 30 June 2023 (unaudited) £m	Half year to 30 June 2022 (unaudited) £m	Year to 31 December 2022 (audited) £m
(Loss)/profit for the period	**(23)**	1,334	(1,930)
Items that may be reclassified subsequently to profit or loss			
Foreign exchange movement arising on translation of international operations	**(89)**	100	179
Fair value movements on derivatives and borrowings in effective hedge relationships	**51**	(49)	(98)
	(38)	51	81
Tax on components of other comprehensive income	**–**	–	–
Other comprehensive (expense)/income	**(38)**	51	81
Total comprehensive (expense)/income for the period	**(61)**	1,385	(1,849)
Attributable to – equity shareholders	**(61)**	1,385	(1,845)
– non-controlling interests	**–**	–	(4)

CONDENSED GROUP BALANCE SHEET

As at 30 June 2023

	Notes	**30 June 2023 (unaudited) £m**	30 June 2022 (restated)[1] (unaudited) £m	31 December 2022 (audited) £m
Assets				
Non-current assets				
Intangible assets		**17**	9	12
Investment properties	12	**15,234**	17,209	14,939
Other interests in property		**23**	28	30
Property, plant and equipment		**23**	23	23
Investments in joint ventures and associates	6	**1,698**	2,022	1,768
Other investments		**10**	8	9
Other receivables		**81**	38	81
Derivative financial instruments		**71**	47	58
		17,157	19,384	16,920
Current assets				
Trading properties	12	**2**	57	35
Trade and other receivables		**204**	250	199
Tax asset		**11**	–	21
Derivative financial instruments		**4**	–	11
Cash and cash equivalents	13	**103**	138	162
		324	445	428
Total assets		**17,481**	19,829	17,348
Liabilities				
Non-current liabilities				
Borrowings	13	**5,149**	3,923	4,884
Deferred tax liabilities	9	**203**	296	226
Trade and other payables		**74**	77	77
Derivative financial instruments		**168**	192	188
Tax liabilities		**10**	19	10
		5,604	4,507	5,385
Current liabilities				
Trade and other payables		**580**	552	560
Borrowings	13	**82**	–	–
Derivative financial instruments		**2**	3	14
Tax liabilities		**10**	72	16
		674	627	590
Total liabilities		**6,278**	5,134	5,975
Net assets		**11,203**	14,695	11,373
Equity				
Share capital		**122**	121	121
Share premium		**3,556**	3,447	3,449
Capital redemption reserve		**114**	114	114
Own shares held		**(1)**	(3)	(1)
Other reserves		**187**	191	227
Retained earnings		**7,225**	10,825	7,463
Total shareholders' equity		**11,203**	14,695	11,373
Non-controlling interests		**–**	–	–
Total equity		**11,203**	14,695	11,373
Net assets per ordinary share (pence)				
Basic	11	**915**	1,216	941
Diluted	11	**913**	1,212	938

1. Cash and cash equivalents and Trade and other receivables have been restated as at 30 June 2022 following IFRIC's agenda decision in respect of Demand Deposits with Restrictions on Use arising from a Contract with a Third Party. See Note 1 for further details.

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the parent										
					Other reserves						
(unaudited)	Ordinary share capital £m	Share premium £m	Capital redemption reserve £m	Own shares held £m	Share-based payment reserve £m	Translation, hedging and other reserve £m	Merger reserve £m	Retained earnings £m	Total equity attributable to owners of the parent £m	Non-controlling interest[1] £m	Total equity £m
Balance at 1 January 2023	**121**	**3,449**	**114**	**(1)**	**25**	**33**	**169**	**7,463**	**11,373**	**–**	**11,373**
Loss for the period	–	–	–	–	–	–	–	(23)	(23)	–	(23)
Other comprehensive expense	–	–	–	–	–	(38)	–	–	(38)	–	(38)
Total comprehensive expense for the period	**–**	**–**	**–**	**–**	**–**	**(38)**	**–**	**(23)**	**(61)**	**–**	**(61)**
Transactions with owners of the Company											
Issue of shares	–	1	–	–	–	–	–	–	1	–	1
Own shares acquired	–	–	–	(3)	–	–	–	–	(3)	–	(3)
Equity-settled share-based payment transactions	–	–	–	3	(2)	–	–	5	6	–	6
Dividends	1	106	–	–	–	–	–	(220)	(113)	–	(113)
Movement in non-controlling interest[1]	–	–	–	–	–	–	–	–	–	–	–
Total transactions with owners of the Company	**1**	**107**	**–**	**–**	**(2)**	**–**	**–**	**(215)**	**(109)**	**–**	**(109)**
Balance at 30 June 2023	**122**	**3,556**	**114**	**(1)**	**23**	**(5)**	**169**	**7,225**	**11,203**	**–**	**11,203**

1. During the period to 30 June 2023, the non-controlling interest held in Vailog s.r.l was acquired by the Group. There is no non-controlling interest held at 30 June 2023.

For the six months ended 30 June 2022

	Attributable to owners of the parent										
					Other reserves						
(unaudited)	Ordinary share capital £m	Share premium £m	Capital redemption reserve £m	Own shares held £m	Share-based payment reserve £m	Translation, hedging and other reserve £m	Merger reserve £m	Retained earnings £m	Total equity attributable to owners of the parent £m	Non-controlling interest[1] £m	Total equity £m
Balance at 1 January 2022	120	3,371	114	(1)	20	(49)	169	9,692	13,436	–	13,436
Profit for the period	–	–	–	–	–	–	–	1,333	1,333	1	1,334
Other comprehensive income/(expense)	–	–	–	–	–	52	–	–	52	(1)	51
Total comprehensive income for the period	–	–	–	–	–	52	–	1,333	1,385	–	1,385
Transactions with owners of the Company											
Issue of shares	–	–	–	–	–	–	–	–	–	–	–
Own shares acquired	–	–	–	(5)	–	–	–	–	(5)	–	(5)
Equity-settled share-based payment transactions	–	–	–	3	(1)	–	–	3	5	–	5
Dividends	1	76	–	–	–	–	–	(203)	(126)	–	(126)
Movement in non-controlling interest[1]	–	–	–	–	–	–	–	–	–	–	–
Total transactions with owners of the Company	1	76	–	(2)	(1)	–	–	(200)	(126)	–	(126)
Balance at 30 June 2022	121	3,447	114	(3)	19	3	169	10,825	14,695	–	14,695

1. Non-controlling interest relates to Vailog s.r.l.

For the year ended 31 December 2022

	Attributable to owners of the parent										
					Other reserves						
(audited)	Ordinary share capital £m	Share premium £m	Capital redemption reserve £m	Own shares held £m	Share-based payment reserve £m	Translation, hedging and other reserve £m	Merger reserve £m	Retained earnings £m	Total equity attributable to owners of the parent £m	Non-controlling interest[1] £m	Total equity £m
Balance at 1 January 2022	120	3,371	114	(1)	20	(49)	169	9,692	13,436	–	13,436
Loss for the year	–	–	–	–	–	–	–	(1,927)	(1,927)	(3)	(1,930)
Other comprehensive income/(expense)	–	–	–	–	–	82	–	–	82	(1)	81
Total comprehensive income/(expense) for the year	–	–	–	–	–	82	–	(1,927)	(1,845)	(4)	(1,849)
Transactions with owners of the Company											
Issue of shares	–	–	–	–	–	–	–	–	–	–	–
Own shares acquired	–	–	–	(4)	–	–	–	–	(4)	–	(4)
Equity-settled share-based payment transactions	–	–	–	4	5	–	–	2	11	–	11
Dividends	1	78	–	–	–	–	–	(301)	(222)	–	(222)
Movement in non-controlling interest[1]	–	–	–	–	–	–	–	(3)	(3)	4	1
Total transactions with owners of the Company	1	78	–	–	5	–	–	(302)	(218)	4	(214)
Balance at 31 December 2022	121	3,449	114	(1)	25	33	169	7,463	11,373	–	11,373

1. Non-controlling interest relates to Vailog s.r.l.

CONDENSED GROUP CASH FLOW STATEMENT

For the six months ended 30 June 2023

	Notes	**Half year to 30 June 2023 (unaudited) £m**	Half year to 30 June 2022 (restated)[1] (unaudited) £m	Year to 31 December 2022 (audited) £m
Cash flows from operating activities	14	**254**	225	479
Interest received		**15**	14	28
Dividends received		**3**	5	9
Interest paid		**(79)**	(61)	(131)
Cost of early close out of interest rate derivatives and new interest rate derivatives transacted		**(1)**	–	(77)
Tax paid		**(4)**	(13)	(95)
Net cash received from operating activities		**188**	170	213
Cash flows from investing activities				
Purchase and development of investment properties		**(580)**	(658)	(1,472)
Sale of investment properties		**41**	223	310
Acquisition of other interests in property		**–**	(3)	(6)
Purchase of plant and equipment and intangibles		**(8)**	(3)	(9)
Acquisition of other investments		**(1)**	(3)	(3)
Investment and loans to joint ventures and associates		**(6)**	(67)	(112)
Divestment and repayment of loans from joint ventures and associates		**7**	36	37
Net cash used in investing activities		**(547)**	(475)	(1,255)
Cash flows from financing activities				
Dividends paid to ordinary shareholders		**(113)**	(100)	(222)
Proceeds from borrowings	14	**710**	1,833	2,752
Repayment of borrowings	14	**(277)**	(1,385)	(1,421)
Principal element of lease payments		**(1)**	(1)	(2)
Settlement of foreign exchange derivatives		**(2)**	15	15
Purchase of non-controlling interest		**(15)**	–	–
Proceeds from issue of ordinary shares		**1**	–	–
Purchase of ordinary shares		**(3)**	(5)	(4)
Net cash generated from financing activities		**300**	357	1,118
Net (decrease)/increase in cash and cash equivalents		**(59)**	52	76
Cash and cash equivalents at the beginning of the period		**162**	85	85
Effect of foreign exchange rate changes		**–**	1	1
Cash and cash equivalents at the end of the period	13	**103**	138	162

1. Cash and cash equivalents and Trade and other receivables have been restated as at 30 June 2022 following IFRIC's agenda decision in respect of Demand Deposits with Restrictions on Use arising from a Contract with a Third Party. See Note 1 for further details.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed set of financial statements for the six months ended 30 June 2023 were approved by the Board of Directors on 26 July 2023.

The condensed set of financial statements for the six months ended 30 June 2023 is unaudited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The financial information contained in this report for the year ended 31 December 2022 does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and has been extracted from the statutory accounts, which were prepared in accordance with UK-adopted International Accounting Standards (IAS) and the requirements of the Companies Act 2006 as applicable to companies reporting under those standards and International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and were delivered to the Registrar of Companies. The auditor's opinion on these accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement made under S498(2) or S498(3) of the Companies Act 2006. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with both UK-adopted International Accounting Standard 34 'Interim Financial Reporting', and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority as well as EU-adopted International Accounting Standard 34 'Interim Financial Reporting'.

UK-adopted International Accounting Standards differs in certain respects from International Financial Reporting Standards as adopted by the EU. The differences have no material impact on the Group's condensed financial statements for the periods presented, which therefore also comply with International Financial Reporting Standards as adopted by the EU. The condensed set of financial statements have been prepared on a going concern basis for a period of at least 12 months from the date of approval of the financial statements. This is discussed further in the Financial Review section.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest financial statements, unless otherwise stated below.

The following new accounting amendments became effective for the financial year beginning on 1 January 2023:

- Amendments to IAS 1, "Presentation of financial statements"
- Amendments to IAS 8, "Accounting Policies, changes in accounting estimates and errors"
- Amendments to IAS 12, "Deferred tax related to assets and liabilities arising from a single transaction"
- Amendments to IAS 12, "International Tax Reform – Pillar Two Model Rules"

The amendments did not have any impact on the amounts recognised in the prior or current period and are not expected to significantly affect future periods. The Group acknowledges that on 23 May 2023, the IASB issued narrow-scope amendments to IAS 12, 'Income Taxes' which provide temporary relief from accounting for deferred taxes arising from the implementation of the Pillar Two model rules.

As set out in the Annual report and accounts for the year ended 31 December 2022, the Group assessed the impact of the IFRS Interpretation Committee's recent Agenda Decision in respect of Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7). The 30 June 2022 comparative balances have been restated where applicable to reflect this change in classification which resulted in £47 million of tenant deposits being reclassified from 'Other receivables' to 'Cash and cash equivalents'.

The Group's definition of Adjusted profit has changed as detailed further in Note 2 below.

The principal exchange rates used to translate foreign currency denominated amounts are:
Balance sheet: £1 = €1.16 (30 June 2022: £1 = €1.16; 31 December 2022: £1 = €1.13)
Income statement: £1 = €1.14 (30 June 2022: £1 = €1.19; 31 December 2022: £1 = €1.17)

The Group's business is not seasonal, and the results relate to continuing operations unless otherwise stated.

2. ADJUSTED PROFIT

Adjusted profit is a non-GAAP measure and is the Group's measure of underlying profit, which is used by the Board and senior management to measure and monitor the Group's income performance.

It is based on the Best Practices Recommendations of European Public Real Estate Association (EPRA), which calculate profit excluding investment and development property revaluations and gains or losses on disposals, changes in the fair value of financial instruments and associated close-out costs and their related taxation, as well as other permitted one-off items. Refer to the Supplementary Notes for all EPRA adjustments.

The Directors may also exclude from the EPRA profit measure additional items (gains and losses) which are considered by them to be non-recurring, not in the ordinary course of business or significant by virtue of size and nature. At 30 June 2022 estimated SELP performance fees were included in Adjusted Profit. They were not excluded because it was anticipated that further fees would subsequently be recognised throughout the latter part of the performance period and therefore these would not be considered unusual. The market volatility that was seen in the latter half of 2022 significantly impacted property valuations and consequentially, management's consideration of SELP performance fees, leading to the reversal of the fee recognised in the six months to 30 June 2022 and no performance fee recognised for the year ended 31 December 2022 or the six months ended 30 June 2023. Based on this volatility, these fees are now considered unusual as they are inherently uncertain and sensitive to movements in property valuations (which themselves are excluded from the EPRA profit metric). In excluding such items going forward, management believe this gives a more reliable and relevant measure of the underlying performance of the business. For the half year to 30 June 2022, the net profit after tax impact of the SELP performance fee recognised of £16 million has been excluded from the calculation of Adjusted profit, see footnote 3 below for further details. No non-EPRA adjustments to underlying profits were made in the current period and for the year ended 31 December 2022.

The following table provides a reconciliation of Adjusted profit to IFRS (loss)/profit:

	Notes	**Half year to 30 June 2023 £m**	Half year to 30 June 2022 (represented[3]) £m	Year to 31 December 2022 £m
Gross rental income	4	**266**	239	488
Property operating expenses	5	**(42)**	(36)	(76)
Net rental income		**224**	203	412
Joint venture management fee income	4	**16**	15	30
Management and development fee income	4	**3**	2	5
Net solar energy income[2]		**–**	1	1
Administrative expenses		**(33)**	(31)	(59)
Share of joint ventures and associates' adjusted profit after tax[1]	6	**40**	35	71
Adjusted operating profit before interest and tax		**250**	225	460
Net finance costs (including adjustments)	8	**(52)**	(32)	(74)
Adjusted profit before tax		**198**	193	386
Adjustments to reconcile to IFRS:				
Adjustments to the share of gains and losses from joint ventures and associates after tax[1]	6	**(68)**	116	(215)
Realised and unrealised property gains and losses	7	**(188)**	1,172	(1,946)
Gain on sale of trading properties		**2**	2	7
Net fair value gain/(loss) on interest rate swaps and other derivatives	8	**23**	(150)	(199)
Joint venture performance fee income	4	**–**	42	–
Total adjustments		**(231)**	1,182	(2,353)
(Loss)/profit before tax		**(33)**	1,375	(1,967)
Tax				
On Adjusted profit	9	**(5)**	(5)	(11)
In respect of adjustments	9	**15**	(36)	48
Total tax adjustments		**10**	(41)	37
(Loss)/profit after tax before non-controlling interests		**(23)**	1,334	(1,930)
Non-controlling interests:				
Less: share of adjusted profit attributable to non-controlling Interests		**–**	–	(1)
: share of adjustments attributable to non-controlling interests		**–**	(1)	4
(Loss)/profit after tax and non-controlling interests		**(23)**	1,333	(1,927)
Of which:				
Adjusted profit after tax and non-controlling interests		**193**	188	374
Total adjustments after tax and non-controlling interests		**(216)**	1,145	(2,301)
(Loss)/profit attributable to equity shareholders		**(23)**	1,333	(1,927)

1. A detailed breakdown of the adjustments to the share of (loss)/profit from joint ventures and associates is included in Note 6.
2. Net solar income of £nil (31 December 2022: £1 million; 30 June 2022: £1 million) is calculated as Solar energy income of £1 million (31 December 2022: £2 million; 30 June 2022: £1 million) shown in Note 4, less Solar energy expenses of £1 million (31 December 2022: £1 million; 30 June 2022: £nil) shown in Note 5.
3. For the half year to 30 June 2022 (as previously reported) the impact of the joint venture performance fee from SELP was recognised within Adjusted profit being: performance fee of £42 million within Joint venture fee management fee income (previously named joint venture fee income); a cost of £19 million within Share of joint ventures' and associates adjusted profit after tax (being the share of performance fee cost of £21 million less a tax credit of £2 million); and a tax charge of £7 million recognised in respect of the performance fee income. Overall, the net profit after tax impact was £16 million, the half year to 30 June 2022 Adjusted profit in the table above has been represented to exclude these items.

3. SEGMENTAL ANALYSIS

The Group's reportable segments are the geographical business units: Greater London (UK), Thames Valley (UK), National Logistics (UK), Northern Europe (principally Germany), Southern Europe (principally France and Italy) and Central Europe (principally Poland), which are managed and reported to the Board as separate and distinct Business Units.

	Gross rental income £m	Net rental income £m	Share of joint ventures and associates' Adjusted profit £m	Adjusted operating PBIT[2] £m	Total directly owned property assets £m	Investments in joint ventures and associates £m	Capital expenditure[3] £m
				30 June 2023			
Thames Valley	**64**	**59**	**–**	**58**	**3,228**	**–**	**144**
National Logistics	**26**	**25**	**–**	**27**	**1,971**	**–**	**276**
Greater London	**107**	**98**	**–**	**97**	**6,297**	**15**	**12**
Northern Europe	**19**	**13**	**17**	**34**	**1,106**	**961**	**20**
Southern Europe	**46**	**34**	**24**	**63**	**2,432**	**1,125**	**147**
Central Europe	**4**	**2**	**13**	**18**	**202**	**601**	**21**
Other[1]	**–**	**(7)**	**(14)**	**(47)**	**–**	**(1,004)[4]**	**8**
Total	**266**	**224**	**40**	**250**	**15,236**	**1,698**	**628**
				30 June 2022			
Thames Valley	57	53	–	52	3,512	–	59
National Logistics	21	20	–	22	2,039	–	139
Greater London	101	93	–	92	8,066	13	271
Northern Europe	15	11	14	28	1,053	1,037	40
Southern Europe	41	32	18	56	2,397	1,350	160
Central Europe	4	2	10	14	199	630	6
Other[1]	–	(8)[1]	(7)	(39)	–	(1,008)[4]	3
Total	239	203	35[5]	225[5]	17,266	2,022	678
				31 December 2022			
Thames Valley	116	109	–	107	3,011	–	80
National Logistics	47	43	–	45	1,721	–	362
Greater London	203	185	–	183	6,401	11	325
Northern Europe	33	23	29	60	1,149	958	345
Southern Europe	82	63	40	114	2,503	1,191	474
Central Europe	7	3	22	31	189	616	7
Other[1]	–	(14)[1]	(20)[1]	(80)[1]	–	(1,008)[4]	9
Total	488	412	71	460	14,974	1,768	1,602

1. 'Other' category includes the corporate centre, SELP holding companies and costs relating to the operational business which are not specifically allocated to a geographical Business Unit.

2. A reconciliation of total Adjusted PBIT to the IFRS (loss)/profit before tax is provided in Note 2.

3. Capital expenditure includes additions and acquisitions of investment and trading properties but does not include tenant incentives, letting fees and rental guarantees. Part of the capital expenditure incurred is in response to climate change including the reduction of the carbon footprint of the Group's existing investment properties and developments. The "Other" category includes non-property related spend, primarily IT.

4. Includes the bonds held by SELP Finance S.à.r.l, a Luxembourg entity.

5. Share of joint ventures and associates' Adjusted profit and Adjusted operating PBIT for the half year to 30 June 2022 have been represented. See Note 2 for further details.

4. REVENUE

	Half year to 30 June 2023 £m	Half year to 30 June 2022 £m	Year to 31 December 2022 £m
Rental income from investment and trading properties	**260**	230	473
Rent averaging	**6**	8	14
Surrender premiums	**–**	1	1
Gross rental income[1]	**266**	239	488
Joint venture fees – management fees*	**16**	15	30
– performance fees*[2]	**–**	42	–
Joint venture fee income	**16**	57	30
Management and development fee income*	**3**	2	5
Service charge income*	**22**	22	44
Solar energy income*	**1**	1	2
Proceeds from sale of trading properties*	**34**	9	100
Total revenue	**342**	330	669

* The above income streams are recognised under IFRS 15 Revenue from Contracts with Customers and total £76 million (31 December 2022: £181 million; 30 June 2022: £91 million).

1. Net rental income of £224 million (31 December 2022: £412 million; 30 June 2022: £203 million) is calculated as gross rental income of £266 million (31 December 2022: £488 million; 30 June 2022: £239 million) less total property operating expenses of £42 million (31 December 2022: £76 million; 30 June 2022: £36 million) shown in Note 5.

2. Performance fees recognised by SEGRO. Due to changes in the estimation of the performance fee, between 30 June 2022 and 31 December 2022, the performance fee of £42 million recognised for the half year to 30 June 2022 was reversed and no fee was recognised for the year to 31 December 2022. No performance fee has been recognised for the half year to 30 June 2023. See Note 6(ii) for further details on the performance fee from SELP.

5. COSTS

	Half year to 30 June 2023 £m	Half year to 30 June 2022 £m	Year to 31 December 2022 £m
Vacant property costs	**7**	4	10
Letting, marketing, legal and professional fees	**7**	9	17
Loss allowance and impairment of receivables	**1**	1	3
Other expenses	**8**	6	12
Property management expenses	**23**	20	42
Property administrative expenses[1]	**25**	23	45
Costs capitalised[2]	**(6)**	(7)	(11)
Total property operating expenses	**42**	36	76
Service charge expense	**22**	22	44
Solar energy expense	**1**	–	1
Trading properties cost of sales	**32**	7	93
Total costs	**97**	65	214

1. Property administrative expenses predominantly relate to the employee staff costs of personnel directly involved in managing the property portfolio.

2. Costs capitalised relate to staff costs of those internal employees directly involved in developing the property portfolio.

6. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

6(i) Share of (loss)/profit from joint ventures and associates after tax

	Half year to 30 June 2023 £m	Half year to 30 June 2022 (represented[4]) £m	Year to 31 December 2022 £m
Revenue[1]	**171**	146	303
Gross rental income	**132**	112	237
Property operating expenses:			
-underlying property operating expenses	**(7)**	(8)	(16)
-vacant property costs	**(1)**	(1)	(1)
-property management fees[2]	**(12)**	(12)	(25)
Net rental income	**112**	91	195
Management fee income	**2**	2	3
Administrative expenses	**(2)**	(2)	(6)
Net finance costs (including adjustments)	**(20)**	(13)	(34)
Adjusted profit before tax	**92**	78	158
Tax	**(11)**	(8)	(16)
Adjusted profit after tax	**81**	70	142
At share	***40***	*35*	*71*
Adjustments:			
Valuation (deficit)/surplus on investment properties	**(156)**	343	(472)
Early close out of debt	**–**	–	(3)
Performance fees[3]	**–**	(42)	–
Tax in respect of adjustments	**19**	(70)	46
Total adjustments	**(137)**	231	(429)
At share	***(68)***	*116*	*(215)*
(Loss)/profit after tax	**(56)**	301	(287)
At share	***(28)***	*151*	*(144)*
Total comprehensive (expense)/income for the period	**(56)**	301	(287)
At share	***(28)***	*151*	*(144)*

1. Total revenue of £171 million (31 December 2022: £303 million; 30 June 2022: £146 million) includes: Gross rental income £132 million (31 December 2022: £237 million; 30 June 2022: £112 million); service charge income £37 million (31 December 2022: £63 million; 30 June 2022: £32 million); and management fee income of £2 million (31 December 2022: £3 million; 30 June 2022: £2 million). Service charge income is netted against the equal and opposite service charge expense in calculating Adjusted profit before tax.

2. Property management fees paid to SEGRO.

3. Performance fees recognised by SEGRO. Due to changes in the estimation of the performance fee, between 30 June 2022 and 31 December 2022, the performance fee of £42 million recognised for the half year to 30 June 2022 was reversed and no fee was recognised for the year to 31 December 2022. No performance fee has been recognised for the half year to 30 June 2023. See Fees section below for further details.

4. Adjusted profit after tax and Total adjustments for the half year to 30 June 2022 have been represented. See Note 2 for further details.

The Group has not recognised losses totalling £1 million at share in the period (31 December 2022: £12 million; 30 June 2022: £nil) in relation to its interests in associates, because the Group has no obligation in respect of these losses.

6(ii) Summarised balance sheet information of the Group's share of joint ventures and associates

	As at 30 June 2023 £m	As at 30 June 2022 £m	As at 31 December 2022 £m
Investment properties	**5,857**	6,552	6,044
Property, plant and equipment	**9**	2	6
Other receivables	**2**	–	3
Total non-current assets	**5,868**	6,554	6,053
Trade and other receivables	**72**	139	72
Cash and cash equivalents	**79**	110	63
Total current assets	**151**	249	135
Total assets	**6,019**	6,803	6,188
Borrowings	**(1,979)**	(1,974)	(2,005)
Deferred tax liabilities	**(454)**	(589)	(482)
Other liabilities	**(33)**	–	(40)
Total non-current liabilities	**(2,466)**	(2,563)	(2,527)
Trade and other liabilities	**(183)**	(195)	(148)
Total current liabilities	**(183)**	(195)	(148)
Total liabilities	**(2,649)**	(2,758)	(2,675)
Unrecognised share of losses	**25**	–	23
Net assets	**3,395**	4,045	3,536
At share	***1,698***	*2,022*	*1,768*

Fees

SEGRO provides certain services, including venture advisory and asset management, to the SELP joint venture and receives fees for doing so.

A 10 year performance fee, denominated in euros, is payable from SELP to SEGRO in October 2023 based on SELP's internal rate of return (IRR) subject to certain hurdle rates. The IRR calculation is based on a 10 year performance period from the inception of SELP in October 2013 to October 2023. The IRR calculation to determine whether the hurdle rates will be met when the performance period ends is currently an estimation and sensitive to movements and assumptions in property valuations over the remaining performance period.

The cumulative performance fee recognised by SEGRO in its Income Statement in the periods to 31 December 2022 was £26 million (€29 million). An equivalent performance fee expense at share of £13 million was recognised within the share of profit from joint ventures and associates.

In the six months to 30 June 2023, no further performance fee has been recognised by SEGRO, and therefore no equivalent performance fee expense has been recognised within the share of profit from joint ventures and associates and reflected in Note 6(i).

This means the cumulative 10 year performance fee recognised by SEGRO to 30 June 2023 totals £26 million (€29 million) (accumulated fee as at 31 December 2022: £26 million (€29 million) plus six months to 30 June 2023: £nil). The full amount of the cumulative performance fee recognised is subject to future reversal based on performance over the remaining period to October 2023.

Performance fee income is recognised during the performance period to the extent that it is highly probable there will not be a significant future reversal and the fee can be reliably estimated. None of the cumulative £26 million performance fee recognised will be reversed if property values fall by up to 12 per cent between 30 June 2023 and the end of the performance period in October 2023. If property values fall by over 14 per cent, all of the £26 million cumulative performance fee recognised to date would be reversed.

SEGRO management notes the inherent uncertainty caused by the market conditions at the period end and the sensitivities detailed below. The volatility that was seen in the latter half of 2022 has impacted management's consideration of the point at which it is highly probable that there will not be a significant reversal relative to the estimations undertaken previously. Having considered these market conditions, the

market outlook and the track record of property market trends, management believes it is highly probable that there will not be a significant reversal of the cumulative performance fee recognised to date.

A 12 per cent reduction in property values between June and October 2023 would result in no further performance fee being recognised. This reduction is not dissimilar to the reduction in property values in SELP in the second half of 2022. When considering this, and wider market factors, management do not believe recognition of any additional performance fee at 30 June 2023 meets the highly probably recognition criteria.

Sensitivity

Based on current estimates of the IRR of SELP from inception in October 2013 to 30 June 2023, an additional performance fee (beyond the cumulative fee of €29 million recognised to 30 June 2023) due to SEGRO in October 2023 could be in the region of €160 million (€80 million at share after accounting for the corresponding performance fee expense recognised in SELP). However, this is dependent on future events, in particular property valuation movements, to the end of the performance period in October 2023. The current estimate of the IRR is based on property values as at 30 June 2023; a 5 per cent decrease in property values from 30 June 2023 would result in a €70 million decrease in the estimated fee and a 5 per cent increase in property values would result in a €70 million increase in the estimated fee. Whilst property valuations continue to be volatile, using a 5 per cent increase/decrease is considered appropriate to provide transparency on the relative sensitivity of the estimate.

7. REALISED AND UNREALISED PROPERTY GAINS AND LOSSES

	Half year to 30 June 2023 £m	Half year to 30 June 2022 £m	Year to 31 December 2022 £m
Profit/(loss) on sale of investment properties and other investment income[1]	**9**	(1)	9
Valuation (deficit)/surplus on investment properties	**(197)**	1,164	(1,970)
Decrease in provision for impairment of trading properties	**–**	9	15
Total realised and unrealised property gains and losses	**(188)**	1,172	(1,946)

1. Includes profit on sale of investment properties of £3 million (31 December 2022: £9 million; 30 June 2022: £1 million loss) and other property related investment income of £6 million (31 December 2022: £nil; 30 June 2022: £nil).

The above table does not include realised gains on sale of trading properties of £2 million (31 December 2022: £7 million; 30 June 2022: £2 million) as detailed further in Note 2.

Valuation deficit on investment and trading properties totals £275 million (31 December 2022: £2,191 million deficit; 30 June 2022: £1,345 million surplus). This comprises £197 million deficit from investment properties (31 December 2022: £1,970 million deficit; 30 June 2022: £1,164 million surplus), £nil impairment from trading properties (31 December 2022: £15 million impairment reversal; 30 June 2022: £9 million impairment reversal) and £78 million deficit from joint ventures and associates at share (31 December 2022: £236 million deficit; 30 June 2022: £172 million surplus).

Valuation deficits are discussed further in the Portfolio Performance section above.

8. NET FINANCE COSTS

Finance income	**Half year to 30 June 2023 £m**	Half year to 30 June 2022 £m	Year to 31 December 2022 £m
Interest received on bank deposits and related derivatives	**13**	11	21
Fair value gain on interest rate swaps and other derivatives	**25**	25	46
Total finance income	**38**	36	67
Finance costs			
Interest on overdrafts, loans and related derivatives	**(86)**	(43)	(104)
Amortisation of issue costs	**(4)**	(4)	(9)
Interest on lease liabilities	**(2)**	(1)	(3)
Total borrowing costs	**(92)**	(48)	(116)
Less amount capitalised on the development of properties	**27**	6	22
Net borrowing costs	**(65)**	(42)	(94)
Fair value loss on interest rate swaps and other derivatives	**(2)**	(175)	(245)
Exchange differences	**–**	(1)	(1)
Total finance costs	**(67)**	(218)	(340)
Net finance costs	**(29)**	(182)	(273)

Net finance costs (including adjustments) in Adjusted profit (see Note 2) are £52 million (31 December 2022: £74 million; 30 June 2022: £32 million). This excludes net fair value gain on interest rate swaps and other derivatives of £23 million (31 December 2022: loss of £199 million; 30 June 2022: loss of £150 million) in the table above.

9. TAX

9(i) Tax on (loss)/profit

	Half year to 30 June 2023 £m	Half year to 30 June 2022 (represented[1]) £m	Year to 31 December 2022 £m
Tax:			
On Adjusted profit	**(5)**	(5)	(11)
In respect of adjustments	**15**	(36)	48
Total tax credit/(charge)	**10**	(41)	37
Current tax			
Current tax charge	**(8)**	(27)	(24)
Total current tax charge	**(8)**	(27)	(24)
Deferred tax			
Origination and reversal of temporary differences	**(7)**	(5)	(13)
Released in respect of property disposals in the period	**(1)**	18	25
On valuation movements	**26**	(25)	50
Total deferred tax in respect of investment properties	**18**	(12)	62
Other deferred tax	**–**	(2)	(1)
Total deferred tax credit/(charge)	**18**	(14)	61
Total tax credit/(charge) on (loss)/profit on ordinary activities	**10**	(41)	37

1. Tax on Adjusted profit and In respect of adjustments for the half year to 30 June 2022 have been represented. See Note 2 for further details.

The Group operates in a number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business. The tax impact can be uncertain until a conclusion is reached with the relevant tax authority or through a legal process. The Group uses in-house expertise when assessing uncertain tax positions and seeks the advice of external professional advisors where appropriate. The Group believes that its provisions for tax liabilities and associated penalties are adequate for all open tax years based on its assessment of many factors, including tax laws and prior experience. The most significant assessment relates to the recognition of withholding tax in France.

9(ii) Deferred tax liabilities

Movement in deferred tax was as follows:

	Balance 1 January 2023 £m	**Exchange movement £m**	**Acquisitions/ (disposals) £m**	**Recognised in income £m**	**Balance 30 June 2023 £m**	Balance 30 June 2022 £m
Valuation surplus and deficits on properties/accelerated tax allowances	**209**	**(5)**	**–**	**(18)**	**186**	280
Others	**17**	**–**	**–**	**–**	**17**	16
Total deferred tax liabilities	**226**	**(5)**	**–**	**(18)**	**203**	296

10. DIVIDENDS

	Half year to 30 June 2023 £m	Half year to 30 June 2022 £m	Year to 31 December 2022 £m
Ordinary dividends paid			
Final dividend for 2022 @ 18.2 pence per share	**220**	–	–
Interim dividend for 2022 @ 8.1 pence per share	**–**	–	98
Final dividend for 2021 @ 16.9 pence per share	**–**	203	203
	220	203	301

The Board has declared an interim dividend of 8.7 pence per ordinary share (2022: 8.1 pence). This dividend has not been recognised in the condensed financial statements.

11. EARNINGS AND NET ASSETS PER SHARE

The earnings per share calculations use the weighted average number of shares in issue during the period and the net assets per share calculations use the number of shares in issue at the period end. Earnings per share calculations exclude 0.2 million shares (0.2 million for the full year 2022 and 0.2 million for half year 2022) being the average number of shares held on trust during the period for employee share schemes and net assets per share exclude 0.3 million shares (0.2 million for the full year 2022 and 0.2 million for the half year 2022) being the actual number of shares held on trust for employee share schemes at the period end.

11(i) Earnings per ordinary share (EPS)

	Half year to 30 June 2023			Half year to 30 June 2022 (represented[3])			Year to 31 December 2022		
	Earnings £m	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic EPS	**(23)**	**1,213.9**	**(1.9)**	1,333	1,204.2	110.7	(1,927)	1,206.6	(159.7)
Dilution adjustments:									
Share and save as you earn schemes	**–**	**–**	**–**	–	3.3	(0.3)	–	–	–
Diluted EPS[2]	**(23)**	**1,213.9**	**(1.9)**	1,333	1,207.5	110.4	(1,927)	1,206.6	(159.7)
Basic EPS	**(23)**	**1,213.9**	**(1.9)**	1,333	1,204.2	110.7	(1,927)	1,206.6	(159.7)
Adjustments to profit before tax[1]	**231**		**19.0**	(1,182)		(98.2)	2,353		195.0
Tax in respect of Adjustments	**(15)**		**(1.2)**	36		3.1	(48)		(4.0)
Non-controlling interest on adjustments	**–**		**–**	1		–	(4)		(0.3)
Adjusted Basic EPS	**193**	**1,213.9**	**15.9**	188	1,204.2	15.6	374	1,206.6	31.0
Adjusted Diluted EPS	**193**	**1,217.1**	**15.9**	188	1,207.5	15.6	374	1,210.0	30.9

1. Details of adjustments are included in Note 2.

2. In the half year to 30 June 2023 and year to 31 December 2022, share options are excluded from the weighted average diluted number of shares when calculating IFRS diluted loss per share because they are not dilutive.

3. Adjusted earnings and Adjusted EPS for the half year to 30 June 2022 have been represented. See Note 2 for further details.

11(ii) Net asset value per share (NAV)

The EPRA Net Tangible Assets (NTA) metric is considered to be most consistent with the nature of SEGRO's business as a UK REIT providing long-term progressive and sustainable returns. EPRA NTA acts as the primary measure of net asset value and is also referred to as Adjusted Net Asset Value (or Adjusted NAV).

A reconciliation from IFRS NAV to Adjusted NAV is set out in the table below along with the net asset per share metrics.

Table 5 of the supplementary notes provides a reconciliation for each of the three EPRA net asset value metrics.

	As at 30 June 2023			As at 30 June 2022			As at 31 December 2022		
	Equity attributable to ordinary shareholders £m	**Shares million**	**Pence per share**	Equity attributable to ordinary shareholders £m	Shares million	Pence per share	Equity attributable to ordinary shareholders £m	Shares million	Pence per share
Basic NAV	**11,203**	**1,224.4**	**915**	14,695	1,208.9	1,216	11,373	1,209.1	941
Dilution adjustments:									
Share and save as you earn schemes	**–**	**3.0**	**(2)**	–	3.2	(4)	–	3.4	(3)
Diluted NAV	**11,203**	**1,227.4**	**913**	14,695	1,212.1	1,212	11,373	1,212.5	938
Fair value adjustment in respect of interest rate derivatives – Group	**107**		**9**	161		13	131		11
Fair value adjustment in respect of trading properties – Group	**1**		**–**	10		1	2		–
Deferred tax in respect of depreciation and valuation surpluses – Group[1]	**94**		**7**	139		12	104		8
Deferred tax in respect of depreciation and valuation surpluses – Joint ventures and associates[1]	**112**		**9**	143		12	119		10
Intangible assets	**(17)**		**(1)**	(9)		(1)	(12)		(1)
Adjusted NAV (EPRA NTA)	**11,500**	**1,227.4**	**937**	15,139	1,212.1	1,249	11,717	1,212.5	966

1. 50 per cent of deferred tax in respect of depreciation and valuation surpluses has been excluded in calculating Adjusted NAV in line with option 3 of EPRA Best Practices Recommendations guidelines.

12. PROPERTIES

12(i) Investment properties

	Completed £m	**Development £m**	**Total £m**
At 1 January 2023	**12,113**	**2,589**	**14,702**
Exchange movement	(73)	(23)	(96)
Property acquisitions	1	322	323
Additions to existing investment properties	22	275	297
Disposals[2]	(16)	(21)	(37)
Transfers on completion of development and completed properties taken back for redevelopment	432	(432)	–
Revaluation deficit during the period	(127)	(70)	(197)
At 30 June 2023	**12,352**	**2,640**	**14,992**
Add tenant lease incentives, letting fees and rental guarantees	171	–	171
Investment properties excluding head lease liabilities at 30 June 2023	**12,523**	**2,640**	**15,163**
Add head lease liabilities (ROU assets)[1]	71	–	71
Total investment properties at 30 June 2023	**12,594**	**2,640**	**15,234**
Total investment properties at 30 June 2022	14,630	2,579	17,209

1. At 30 June 2023 investment properties included £71 million (31 December 2022: £73 million; 30 June 2022: £72 million) for the head lease liabilities (ROU assets) recognised under IFRS 16.

2. Total disposals completed in H1 2023 of £74 million shown in the Investment Activity includes: Carrying value of investment properties disposed by the Group of £37 million plus profit generated on disposal of £3 million (see Note 7); proceeds from the sale of trading properties by the Group of £34 million (see Note 4); share of joint venture and associate investment properties disposal proceeds of £nil; carrying value of lease incentives, letting fees and rental guarantees disposed by the Group and joint ventures and associates (at share) of £nil.

Investment properties are stated at fair value based on external valuations performed by professionally qualified, independent valuers. The Group's wholly-owned property portfolio and joint venture and associates property valuations were performed by CBRE Ltd. The valuations conform to International Valuation Standards and were arrived at by reference to market evidence of the transaction prices paid for similar properties. In estimating the fair value of the properties, the valuers consider the highest and best use of the properties. All investment property would be classified as level 3 fair value measurements, there has been no change in the valuation technique and no significant changes in the assumptions used during the period. The valuation deficit recognised during the period is discussed further in the Portfolio Performance section above.

CBRE Ltd also undertakes some professional and agency work on behalf of the Group. This is carried out by departments separate from the Valuation team in CBRE and overall the total fees earned from the Group are below 5% of CBRE's total income. This work does not therefore lead to a conflict of interest for the properties being valued by CBRE at the period end.

Sensitivity analysis

An increase/decrease to ERV will increase/decrease valuations, while an increase/decrease to yield will decrease/increase valuations. Sensitivity analysis showing the impact on valuations of changes in yields and ERV on the property portfolio (including joint ventures and associates at share) and the impact on valuations of changes in development costs on the development property and land portfolio (including joint ventures and associates at share) is shown below. Management continues to consider a +/- 25bp change in yield, a +/- 5% change in ERV and a +/- 10% change in development costs to be reasonably possible changes to the assumptions.

		Impact on valuation of 25bp change in nominal equivalent yield		**Impact on valuation of 5% change in estimated rental value (ERV)**		**Impact on valuation of 10% change in estimated development costs**	
	Group[1] £m	Increase £m	Decrease £m	Increase £m	Decrease £m	Increase £m	Decrease £m
30 June 2023							
Completed property	**15,299**	**(731)**	**735**	**572**	**(566)**	**–**	**–**
Development property and land	**2,796**	**(233)**	**251**	**323**	**(323)**	**(371)**	**371**
Group total property portfolio	**18,095**	**(964)**	**986**	**895**	**(889)**	**(371)**	**371**
30 June 2022							
Completed property	17,743	(1,155)	1,322	683	(680)	–	–
Development property and land	2,737	(238)	260	285	(285)	(299)	299
Group total property portfolio	20,480	(1,393)	1,582	968	(965)	(299)	299
31 December 2022							
Completed property	15,191	(793)	883	580	(576)	–	–
Development property and land	2,734	(226)	245	295	(295)	(321)	321
Group total property portfolio	17,925	(1,019)	1,128	875	(871)	(321)	321

1. For further details see Table 7 of the supplementary notes.

There are interrelationships between all these inputs as they are determined by market conditions. The existence of an increase in more than one input would be to magnify the impact on the valuation. The impact on the valuation will be mitigated by the interrelationship of two inputs in opposite directions, e.g. an increase in rent may be offset by an increase in yield.

Completed properties include buildings that are occupied or are available for occupation. Development properties include land available for development (land bank), land under development, construction in progress and covered land. The carrying value of covered land held within Development properties is £741 million (31 December 2022: £656 million; 30 June 2022: £648 million).

At 30 June 2023 investment properties included £171 million tenant lease incentives, letting fees and rent guarantees (31 December 2022: £164 million; 30 June 2022: £152 million).

The carrying value of investment properties situated on land held under leaseholds amount to £203 million (excluding head lease ROU assets) (31 December 2022: £209 million; 30 June 2022: £216 million).

The disposals of completed properties during the period includes properties with a carrying value of £nil (31 December 2022: £215 million; 30 June 2022: £172 million) sold to the SELP joint venture.

12(ii) Trading properties

The carrying value of trading properties at 30 June 2023 was £2 million (31 December 2022: £35 million; 30 June 2022: £57 million). Based on the fair value at 30 June 2023, the portfolio has unrecognised surplus of £1 million (31 December 2022: £2 million; 30 June 2022: £10 million).

13. NET BORROWINGS AND FINANCIAL INSTRUMENTS

	As at 30 June 2023 £m	As at 30 June 2022 (restated)[1] £m	As at 31 December 2022 £m
In one year or less	**82**	–	–
In more than one year but less than two	**1**	169	83
In more than two years but less than five	**1,958**	759	1,562
In more than five years but less than ten	**1,630**	1,757	1,662
In more than ten years	**1,560**	1,238	1,577
In more than one year	**5,149**	3,923	4,884
Total borrowings	**5,231**	3,923	4,884
Cash and cash equivalents[1,2]	**(103)**	(138)	(162)
Net borrowings	**5,128**	3,785	4,722
Total borrowings is split between secured and unsecured as follows:			
Secured (on land and buildings)	**1**	2	1
Unsecured	**5,230**	3,921	4,883
Total borrowings	**5,231**	3,923	4,884
Currency profile of total borrowings after derivative instruments			
Sterling	**1,402**	730	1,120
Euros	**3,829**	3,193	3,764
Total borrowings	**5,231**	3,923	4,884
Maturity profile of undrawn borrowing facilities			
In one year or less	**147**	17	150
In more than one year but less than two	**–**	862	–
In more than two years	**1,366**	825	1,608
Total available undrawn facilities[3]	**1,513**	1,704	1,758
Fair value of financial instruments			
Book value of debt	**5,231**	3,923	4,884
Interest rate derivatives	**107**	161	131
Foreign exchange derivatives	**(12)**	(13)	2
Book value of debt including derivatives	**5,326**	4,071	5,017
Net fair market value	**4,656**	3,656	4,345
Mark to market adjustment (pre-tax)	**(670)**	(415)	(672)

1. Cash and cash equivalents have been restated as at 30 June 2022 following IFRIC's agenda decision in respect of Demand Deposits with Restrictions on Use arising from a Contract with a Third Party. See Note 1 for further details.
2. Cash and cash equivalents also include tenant deposits held in separate designated bank accounts of £59 million (31 December 2022: £50 million; 30 June 2022: £47 million), the use of the deposits is subject to restrictions as set out in the tenant lease agreement and therefore not available for general use by the Group.
3. Total available undrawn facilities include committed facilities of £1,366 million (31 December 2022: £1,608 million; 30 June 2022: £1,687 million) and uncommitted facilities of £147 million (31 December 2022: £150 million; 30 June 2022: £17 million).

During the period, SEGRO drew down £300 million and €407 million term loan facilities.

In May 2023, SEGRO extended the maturity of €200 million of its revolving credit facilities for a further year to 2028.

In June 2023, SEGRO arranged two further term loan facilities. The first facility has £100 million of commitment maturing in 2026; the second facility has €150 million of commitment also maturing in 2026. Both term loan facilities were undrawn at 30 June 2023.

The debt financing is discussed in more detail in the Financial Position and Funding section.

14. NOTES TO THE CONDENSED GROUP CASH FLOW STATEMENTS

14(i) Reconciliation of cash generated from operations

	Half year to 30 June 2023 £m	Half year to 30 June 2022 (restated)[1] £m	Year to 31 December 2022 £m
Operating (loss)/profit	**(4)**	1,557	(1,694)
Adjustments for:			
Depreciation of property, plant and equipment	**3**	2	4
Share of loss/(profit) from joint ventures and associates after tax	**28**	(151)	144
(Profit)/loss on sale of investment properties	**(3)**	1	(9)
Revaluation deficit/(surplus) on investment properties	**197**	(1,164)	1,970
Other provisions	**7**	(5)	(6)
	228	240	409
Changes in working capital:			
Decrease in trading properties	**32**	1	33
Increase in debtors and tenant incentives	**(14)**	(48)	(6)
Increase in creditors	**8**	32	43
Net cash inflow generated from operations	**254**	225	479

1. Cash and cash equivalents and Trade and other receivables have been restated as at 30 June 2022 following IFRIC's agenda decision in respect of Demand Deposits with Restrictions on Use arising from a Contract with a Third Party. See Note 1 for further details.

14(ii) Analysis of net debt

				Non-cash movements		
	At 1 January 2023 £m	Cash inflow[1] £m	Cash Outflow[2] £m	Exchange movement £m	Other non-cash adjustments[3] £m	**At 30 June 2023 £m**
Bank loans and loan capital	4,928	710	(277)	(88)	–	**5,273**
Capitalised finance costs	(44)	–	(2)	–	4	**(42)**
Total borrowings	**4,884**	**710**	**(279)**	**(88)**	**4**	**5,231**
Cash in hand and at bank	(162)	–	59	–	–	**(103)**
Net debt	**4,722**	**710**	**(220)**	**(88)**	**4**	**5,128**

1. Proceeds from borrowings of £710 million.

2. Cash outflow of £279 million, comprises the repayment of borrowings of £277 million and capitalised costs of £2 million.

3. Total other non-cash adjustments of £4 million relates to the amortisation of issue costs offset against borrowings.

15. RELATED PARTY TRANSACTIONS

There have been no undisclosed material changes in the related party transactions as described in the last annual report.

16. SUBSEQUENT EVENTS

Since the period end, SEGRO agreed the conditional exchange of a portfolio of UK big box assets in the Midlands, reflecting a price above 30 June 2023 valuation. The conditions have subsequently been met and the transaction is expected to complete in early August.

SUPPLEMENTARY NOTES NOT PART OF CONDENSED FINANCIAL INFORMATION

TABLE 1: EPRA PERFORMANCE MEASURES SUMMARY

		Half year to 30 June 2023		Half year to 30 June 2022		Year to 31 December 2022	
	Notes	**£m**	**Pence per share**	£m	Pence per share	£m	Pence per share
EPRA Earnings	Table 4	**193**	**15.9**	204	16.9	374	31.0
EPRA NTA (Adjusted NAV)	Table 5	**11,500**	**937**	15,139	1,249	11,717	966
EPRA NRV	Table 5	**12,669**	**1,032**	16,520	1,363	12,879	1,062
EPRA NDV	Table 5	**11,983**	**976**	15,257	1,259	12,170	1,004
EPRA LTV	Table 6		**36.1%**		25.3%		34.2%
EPRA net initial yield	Table 7		**3.8%**		2.9%		3.7%
EPRA ‘topped up’ net initial yield	Table 7		**4.2%**		3.2%		3.9%
EPRA vacancy rate	Table 8		**4.5%**		3.3%		4.0%
EPRA cost ratio (including vacant property costs)	Table 9		**20.4%**		20.5%		20.3%
EPRA cost ratio (excluding vacant property costs)	Table 9		**18.2%**		19.0%		18.5%

TABLE 2: INCOME STATEMENT, PROPORTIONALLY CONSOLIDATED

		Half year to 30 June 2023			Half year to 30 June 2022 (represented[2])			Year to 31 December 2022		
	Notes	**Group £m**	**JV and associates £m**	**Total £m**	Group £m	JV and associates £m	Total £m	Group £m	JV and associates £m	Total £m
Gross rental income	2, 6	**266**	**66**	**332**	239	56	295	488	119	607
Property operating expenses	2, 6	**(42)**	**(4)**	**(46)**	(36)	(4)	(40)	(76)	(9)	(85)
Net rental income		**224**	**62**	**286**	203	52	255	412	110	522
Joint venture management fee income[1]	2	**16**	**(6)**	**10**	15	(6)	9	30	(13)	17
Management and development fee income	2	**3**	**1**	**4**	2	1	3	5	2	7
Net solar energy income	2	**–**	**–**	**–**	1	–	1	1	–	1
Administrative expenses	2	**(33)**	**(1)**	**(34)**	(31)	(1)	(32)	(59)	(3)	(62)
Adjusted operating profit before interest and tax		**210**	**56**	**266**	190	46	236	389	96	485
Net finance costs (including adjustments)	2, 6	**(52)**	**(10)**	**(62)**	(32)	(7)	(39)	(74)	(17)	(91)
Adjusted profit before tax		**158**	**46**	**204**	158	39	197	315	79	394
Tax on adjusted profit	2, 6	**(5)**	**(6)**	**(11)**	(5)	(4)	(9)	(11)	(8)	(19)
Adjusted earnings before non-controlling interests		**153**	**40**	**193**	153	35	188	304	71	375
Non-controlling interest on adjusted profit		**–**	**–**	**–**	–	–	–	(1)	–	(1)
Adjusted earnings after tax and non-controlling interests (A)		**153**	**40**	**193**	153	35	188	303	71	374
Number of shares, million				**1,213.9**			1,204.2			1,206.6
Adjusted EPS, pence per share				**15.9**			15.6			31.0
Number of shares, million				**1,217.1**			1,207.5			1,210.0
Adjusted EPS, pence per share – diluted				**15.9**			15.6			30.9
EPRA earnings										
Adjusted earnings after tax and non-controlling interests (A)		**153**	**40**	**193**	153	35	188	303	71	374
Joint venture performance fee income (net)				**–**			16			–
EPRA earnings after tax and non-controlling interests				**193**			204			374
Number of shares, million				**1,213.9**			1,204.2			1,206.6
EPRA, EPS, pence per share				**15.9**			16.9			31.0
Number of shares, million				**1,217.1**			1,207.5			1,210.0
EPRA, EPS, pence per share – diluted				**15.9**			16.9			30.9

1. Joint venture management fee income includes the cost of such fees borne by the joint ventures which are shown in Note 6 within net rental income.

2. Adjusted earnings and Adjusted EPS for the half year to 30 June 2022 have been represented. See Note 2 for further details.

TABLE 3: BALANCE SHEET, PROPORTIONAL CONSOLIDATION

		As at 30 June 2023			As at 30 June 2022 (restated)[2]			As at 31 December 2022		
	Notes	Group £m	JV and associates £m	Total £m	Group £m	JV and associates £m	Total £m	Group £m	JV and associates £m	Total £m
Investment properties	12, 6	**15,234**	**2,929**	**18,163**	17,209	3,276	20,485	14,939	3,022	17,961
Trading properties	12, 6	**2**	**–**	**2**	57	–	57	35	–	35
Total properties		**15,236**	**2,929**	**18,165**	17,266	3,276	20,542	14,974	3,022	17,996
Investment in joint ventures and associates	6	**1,698**	**(1,698)**	**–**	2,022	(2,022)	–	1,768	(1,768)	–
Other net liabilities		**(603)**	**(281)**	**(884)**	(808)	(322)	(1,130)	(647)	(283)	(930)
Net borrowings	13,6	**(5,128)**	**(950)**	**(6,078)**	(3,785)	(932)	(4,717)	(4,722)	(971)	(5,693)
Total shareholders' equity[1]		**11,203**	**–**	**11,203**	14,695	–	14,695	11,373	–	11,373
EPRA adjustments	11			**297**			444			344
Adjusted NAV	11			**11,500**			15,139			11,717
Number of shares, million	11			**1,227.4**			1,212.1			1,212.5
Adjusted NAV pence per share	11			**937**			1,249			966

1. After non-controlling interests.

2. Cash and cash equivalents and Trade and other receivables have been restated as at 30 June 2022 following IFRIC's agenda decision in respect of Demand Deposits with Restrictions on Use arising from a Contract with a Third Party. See Note 1 for further details.

The portfolio valuation deficit of 1.4 per cent shown in the Portfolio Performance section is not directly derivable from the condensed financial statements and is calculated to be comparable with published MSCI Real Estate indices against which SEGRO are measured. Based on the condensed financial statements there is a valuation deficit of £275 million (see Note 7) and property value of £18,095 million (see Table 7) giving a valuation deficit of 1.5 per cent. The primary reason for the +0.1 per cent difference is due to the portfolio valuation deficit excluding the impact of rent-free incentives and capitalised interest.

TABLE 4: EPRA EARNINGS

	Notes	Half year to 30 June 2023 £m	Half year to 30 June 2022 (represented[2]) £m	Year to 31 December 2022 £m
Equity shareholder earnings per IFRS income statement		**(23)**	1,333	(1,927)
Adjustments to calculate EPRA Earnings, exclude:				
Valuation deficit/(surplus) on investment properties	7	**197**	(1,164)	1,970
(Profit)/loss on sale of investment properties and other investment income	7	**(9)**	1	(9)
Profit on sale of trading properties	7	**(2)**	(2)	(7)
Decrease in provision for impairment of trading properties	7	**–**	(9)	(15)
Tax on profits on disposals[1]		**3**	16	15
Net fair value (gain)/loss on interest rate swaps and other derivatives	8	**(23)**	150	199
Deferred tax in respect of EPRA adjustments[1]		**(18)**	13	(63)
EPRA adjustments to the share of loss/(profit) from joint ventures and associates after tax[3]		**68**	(135)	215
Non-controlling interests in respect of the above	2	**–**	1	(4)
EPRA earnings		**193**	204	374
Basic number of shares, million	11	**1,213.9**	1,204.2	1,206.6
EPRA Earnings per Share (EPS)		**15.9**	16.9	31.0
Company specific adjustment:				
Exclude: Net impact of joint venture performance fees[4]	2	**–**	(16)	–
Adjusted earnings		**193**	188	374
Adjusted EPS		**15.9**	15.6	31.0

1. Total tax credit in respect of adjustments per Note 2 of £15 million (H1 2022: £36 million charge, FY 2022: £48 million credit) comprises tax charge on profits on disposals of £3 million (H1 2022: £16 million, FY 2022: £15 million), deferred tax credit of £18 million (H1 2022: £13 million charge, FY 2022: £63 million credit) and tax charge on joint venture performance fee income of £nil (H1 2022: £7 million charge, FY 2022: £nil). The tax charge on joint venture performance fee income is included within the Company specific adjustment in the table above.

2. Adjusted earnings and Adjusted EPS for the half year to 30 June 2022 have been represented. See Note 2 for further details.

3. Total adjustments to share of profit from joint ventures and associates after tax for the half year to 30 June 2022 of £116 million per Note 2 and 6 includes the impact of the performance fee expense of £19 million. The performance fee expense is shown within the company specific adjustment to exclude the net impact of joint venture performance fees in the table above. There was no performance fee expense in half year to 30 June 2023 and year to 31 December 2022.

4. See Note 2 for further details on the company specific adjustment to exclude the net impact of joint venture performance fees from Adjusted earnings.

TABLE 5: EPRA NET ASSET MEASURES

The European Public Real Estate Association ('EPRA') Best Practices Recommendations (BPR) for financial disclosures by public real estate companies sets out three net asset value measures: EPRA net tangible assets (NTA), EPRA net reinstatement value (NRV) and EPRA net disposal value (NDV).

The EPRA Net Tangible Assets (NTA) metric is considered to be most consistent with the nature of SEGRO's business as a UK REIT providing long-term progressive and sustainable returns. EPRA NTA acts as the primary measure of net asset value and is also referred to as Adjusted Net Asset Value (or Adjusted NAV).

A reconciliation of the three EPRA NAV metrics from IFRS NAV is shown in the table below.

As at 30 June 2023	EPRA measures		
	EPRA NTA (Adjusted NAV) £m	EPRA NRV £m	EPRA NDV £m
Equity attributable to ordinary shareholders	11,203	11,203	11,203
Fair value adjustment in respect of interest rate derivatives – Group	107	107	–
Fair value adjustment in respect of trading properties – Group	1	1	1
Deferred tax in respect of depreciation and valuation surpluses – Group[1]	94	188	–
Deferred tax in respect of depreciation and valuation surpluses – Joint ventures and associates[1]	112	224	–
Intangible assets	(17)	–	–
Fair value adjustment in respect of debt – Group	–	–	670
Fair value adjustment in respect of debt – Joint ventures and associates	–	–	109
Real estate transfer tax[2]	–	946	–
Net assets	11,500	12,669	11,983
Diluted shares (million)	1,227.4	1,227.4	1,227.4
Diluted net assets per share	937	1,032	976

1. 50 per cent of deferred tax in respect of depreciation and valuation surpluses has been excluded in calculating EPRA NTA in line with option 3 of EPRA BPR guidelines.

2. EPRA NTA and EPRA NDV reflect IFRS values which are net of purchasers' costs. Purchasers' costs are added back when calculating EPRA NRV.

As at 30 June 2022	EPRA measures		
	EPRA NTA (Adjusted NAV) £m	EPRA NRV £m	EPRA NDV £m
Equity attributable to ordinary shareholders	14,695	14,695	14,695
Fair value adjustment in respect of interest rate derivatives – Group	161	161	–
Fair value adjustment in respect of trading properties – Group	10	10	10
Deferred tax in respect of depreciation and valuation surpluses – Group[1]	139	278	–
Deferred tax in respect of depreciation and valuation surpluses – Joint ventures and associates[1]	143	286	–
Intangible assets	(9)	–	–
Fair value adjustment in respect of debt – Group	–	–	415
Fair value adjustment in respect of debt – Joint ventures and associates	–	–	137
Real estate transfer tax[2]	–	1,090	–
Net assets	15,139	16,520	15,257
Diluted shares (million)	1,212.1	1,212.1	1,212.1
Diluted net assets per share	1,249	1,363	1,259

1. 50 per cent of deferred tax in respect of depreciation and valuation surpluses has been excluded in calculating EPRA NTA in line with option 3 of EPRA BPR guidelines.

2. EPRA NTA and EPRA NDV reflect IFRS values which are net of purchasers' costs. Purchasers' costs are added back when calculating EPRA NRV.

As at 31 December 2022	EPRA measures		
	EPRA NTA (Adjusted NAV)	EPRA NRV	EPRA NDV
	£m	£m	£m
Equity attributable to ordinary shareholders	11,373	11,373	11,373
Fair value adjustment in respect of interest rate derivatives – Group	131	131	–
Fair value adjustment in respect of trading properties – Group	2	2	2
Deferred tax in respect of depreciation and valuation surpluses – Group[1]	104	208	–
Deferred tax in respect of depreciation and valuation surpluses – Joint ventures and associates[1]	119	238	–
Intangible assets	(12)	–	–
Fair value adjustment in respect of debt – Group	–	–	672
Fair value adjustment in respect of debt – Joint ventures and associates	–	–	123
Real estate transfer tax[2]	–	927	–
Net assets	11,717	12,879	12,170
Diluted shares (million)	1,212.5	1,212.5	1,212.5
Diluted net assets per share	966	1,062	1,004

1. 50 per cent of deferred tax in respect of depreciation and valuation surpluses has been excluded in calculating EPRA NTA in line with option 3 of EPRA BPR guidelines.

2. EPRA NTA and EPRA NDV reflect IFRS values which are net of purchasers' costs. Purchasers' costs are added back when calculating EPRA NRV.

TABLE 6: EPRA LTV, PROPORTIONAL CONSOLIDATION

		As at 30 June 2023			As at 30 June 2022 (restated)[4,5]			As at 31 December 2022		
	Notes	**Group £m**	**JV and associates £m**	**Total £m**	Group £m	JV and associates £m	Total £m	Group £m	JV and associates £m	Total £m
Borrowings[1,2]		**2,468**	**27**	**2,495**	1,505	131	1,636	2,085	15	2,100
Bonds[1,2]		**2,805**	**970**	**3,775**	2,455	862	3,317	2,843	996	3,839
Exclude:										
Cash and cash equivalents[4]	13	**(103)**	**(40)**	**(143)**	(138)	(55)	(193)	(162)	(32)	(194)
Net Debt (a)		**5,170**	**957**	**6,127**	3,822	938	4,760	4,766	979	5,745
Foreign currency derivatives	13	**(12)**	**–**	**(12)**	(13)	–	(13)	2	–	2
Net payables[3,4]		**378**	**72**	**450**	432	28	460	362	57	419
EPRA Net Debt (b)		**5,536**	**1,029**	**6,565**	4,241	966	5,207	5,130	1,036	6,166
Investment properties at fair value (excluding head lease ROU asset)	12	**15,163**	**2,929**	**18,092**	17,137	3,276	20,413	14,866	3,022	17,888
Trading properties	12	**2**	**–**	**2**	57	–	57	35	–	35
Total Property Value (c)		**15,165**	**2,929**	**18,094**	17,194	3,276	20,470	14,901	3,022	17,923
Head lease ROU asset	12	**71**	**–**	**71**	72	–	72	73	–	73
Unrecognised valuation surplus on trading properties	12	**1**	**–**	**1**	10	–	10	2	–	2
Other interest in property		**23**	**–**	**23**	28	–	28	30	–	30
Intangibles		**17**	**–**	**17**	9	–	9	12	–	12
EPRA Total Property Value (d)		**15,277**	**2,929**	**18,206**	17,313	3,276	20,589	15,018	3,022	18,040
LTV (a/c)		**34.1%**		**33.9%**	22.2%		23.3%	32.0%		32.1%
EPRA LTV (b/d)		**36.2%**		**36.1%**	24.5%		25.3%	34.2%		34.2%

1. Total borrowings as at 30 June 2023 per Note 13 of £5,231 million (30 June 2022: £3,923 million; 31 December 2022: £4,884 million) consists of: Nominal value of borrowings from financial institutions of £2,468 million (30 June 2022: £1,505 million; 31 December 2022: £2,085 million) less unamortised finance costs of £14 million (30 June 2022: £12 million; 31 December 2022: £14 million) and nominal value of bond loans of £2,805 million (30 June 2022: £2,455 million; 31 December 2022: £2,843 million) less unamortised finance costs of £28 million (30 June 2022: £25 million; 31 December 2022: £30 million).

2. JV and associates borrowings as at 30 June 2023 per Note 6 of £990 million at share (30 June 2022: £987 million; 31 December 2022: £1,003 million) consists of: Nominal value of borrowings from financial institutions of £27 million (30 June 2022: £131 million; 31 December 2022: £15 million) less unamortised finance costs of £1 million (30 June 2022: £1 million; 31 December 2022: £2 million) and nominal value of bond loans of £970 million (30 June 2022: £862 million; 31 December 2022: £996 million) less unamortised finance costs of £6 million (30 June 2022: £5 million; 31 December 2022: £6 million).

3. Net payables is calculated as the net position of the following line items shown on the Balance Sheet: Non-current other receivables, current trade and other receivables, tax asset, non-current trade and other payables, non-current tax liabilities, current trade and other payables and current tax liabilities.

4. Cash and cash equivalents and Trade and other receivables have been restated as at 30 June 2022 following IFRIC's agenda decision in respect of Demand Deposits with Restrictions on Use arising from a Contract with a Third Party. See Note 1 for further details.

5. Borrowings and bonds have been restated as at 30 June 2022 to exclude unamortised finance costs.

TABLE 7: EPRA NET INITIAL YIELD AND TOPPED-UP NET INITIAL YIELD

Combined property portfolio including joint ventures and associates at share – 30 June 2023	**Notes**	**UK £m**	**Continental Europe £m**	**Total £m**
Total properties per financial statements	Table 3	**11,510**	**6,655**	**18,165**
Add valuation surplus not recognised on trading properties[1]		1	–	1
Less head lease ROU assets	12	–	(71)	(71)
Combined property portfolio per external valuers' report		**11,511**	**6,584**	**18,095**
Less development properties (investment, trading and joint venture and associates)		(1,713)	(1,083)	(2,796)
Net valuation of completed properties		**9,798**	**5,501**	**15,299**
Add notional purchasers' costs		665	281	946
Gross valuation of completed properties including notional purchasers' costs	A	**10,463**	**5,782**	**16,245**
Income				
Gross passing rents[2]		383	252	635
Less irrecoverable property costs		(1)	(9)	(10)
Net passing rents	B	**382**	**243**	**625**
Adjustment for notional rent in respect of rent frees		33	22	55
Topped up net rent	C	**415**	**265**	**680**
Including fixed/minimum uplifts[3]		12	2	14
Total topped up net rent		**427**	**267**	**694**

Yields – 30 June 2023		**UK %**	**Continental Europe %**	**Total %**
EPRA net initial yield[4]	B/A	3.7	4.2	3.8
EPRA topped up net initial yield[4]	C/A	4.0	4.6	4.2
Net true equivalent yield		5.0	5.2	5.1

1. Trading properties are recorded in the Financial Statements at the lower of cost and net realisable value, therefore valuations above cost have not been recognised.

2. Gross passing rent excludes short term lettings and licences.

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).

4. In accordance with the Best Practices Recommendations of EPRA.

5. Total assets under management of £21,024 million includes Combined property portfolio (including JV and associates at share) of £18,095 million plus 50 per cent of JV and associates properties not owned but under management of £2,929 million.

TABLE 8: EPRA VACANCY RATE

	Half year to 30 June 2023 £m	Half year to 30 June 2022 £m	Year to 31 December 2022 £m
Annualised potential rental value of vacant premises	**38**	24	32
Annualised potential rental value for the completed property portfolio	**845**	729	797
EPRA vacancy rate[1,2]	**4.5%**	3.3%	4.0%

1. EPRA vacancy rate has been calculated using the figures presented in the table above in millions accurate to one decimal place.

2. There are no significant or distorting factors influencing the EPRA vacancy rate.

TABLE 9: TOTAL COST RATIO / EPRA COST RATIO

Total cost ratio	Notes	**Half year to 30 June 2023 £m**	Half year to 30 June 2022 £m	Year to 31 December 2022 £m
Costs				
Property operating expenses[1]	5	**42**	36	76
Administrative expenses		**33**	31	59
Share of joint venture and associates' property operating and administrative expenses[2]	6	**11**	11	25
Less:				
Joint venture and associates' property management fee income, management fees and other costs recovered through rents but not separately invoiced[3]		**(19)**	(18)	(37)
Total costs (A)		**67**	60	123
Gross rental income				
Gross rental income	4	**266**	239	488
Share of joint venture and associates property gross rental income	6	**66**	56	119
Less:				
Other costs recovered through rents but not separately invoiced[3]		**(1)**	(1)	(3)
Total gross rental income (B)		**331**	294	604
Total cost ratio (A)/(B)[4]		**20.4%**	20.5%	20.3%
Total costs (A)		**67**	60	123
Share-based payments		**(5)**	(5)	(9)
Total costs after share based payments (C)		**62**	55	114
Total cost ratio after share based payments (C)/(B)[4]		**18.8%**	18.7%	18.8%

EPRA cost ratio			
Total costs (A)	**67**	60	123
Non-EPRA adjustments[5]	**–**	–	–
EPRA total costs including vacant property costs (D)	**67**	60	123
Group vacant property costs	**(7)**	(4)	(10)
Share of joint venture and associates vacant property costs	**–**	–	(1)
EPRA total costs excluding vacant property costs (E)	**60**	56	112
Total gross rental income (B)	**331**	294	604
Total EPRA costs ratio (including vacant property costs) (D)/(B)[4]	**20.4%**	20.5%	20.3%
Total EPRA costs ratio (excluding vacant property costs) (E)/(B)[4]	**18.2%**	19.0%	18.5%

1. Property operating expenses are net of costs capitalised in accordance with IFRS of £6 million (H1 2022: £7 million, FY 2022: £11 million) (see Note 5 for further detail on the nature of costs capitalised).

2. Share of joint venture and associates property operating and administrative expenses.

3. Total deduction of £19 million (H1 2022: £18 million, FY 2022: £37 million) from costs includes: joint venture and associates management fees income of £16 million (H1 2022: £15 million, FY 2022: £30 million), management fees of £2 million (H1 2022: £2 million, FY 2022: £4 million) and other costs recovered through rents but not separately invoiced, including joint ventures and associates, of £1 million (H1 2022: £1 million, FY 2022: £3 million). These items have been represented as an offset against costs rather than a component of income in accordance with EPRA BPR Guidelines as they are reimbursing the Group for costs incurred. Gross rental income of £266 million (H1 2022: £239 million, FY 2022: £488 million) does not include joint venture and associates management fee income and management fee income and these fees are not required to be included in the total deduction to income.

4. Cost ratio percentages have been calculated using the figures presented in the table above in millions accurate to one decimal place.

5. Joint venture performance fee income and expense are not included within the EPRA cost ratio, therefore no non-EPRA adjustment is required for the performance fee in reconciling from the Total cost ratio to the EPRA cost ratio.

GLOSSARY OF TERMS

Associate: An entity in which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20 per cent and 50 per cent of the voting rights.

BREEAM: BREEAM provides sustainability assessment and certification for real estate assets.

Completed portfolio: The completed investment properties and the Group's share of joint ventures and associates' completed investment properties. Includes properties held throughout the period, completed developments and properties acquired during the period.

Covered land: Income-producing assets acquired with the explicit intention to take back for redevelopment in the short to medium term. Valued on the balance sheet as land plus remaining contracted income.

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 Guidelines in order to provide consistency and transparency in real estate reporting across Europe.

ESG: Environmental, Social and Governance issues.

Estimated cost to completion: Costs still to be expended on a development or redevelopment to practical completion, including attributable interest.

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.

Gearing: Net borrowings divided by total shareholders' equity excluding intangible assets and deferred tax provisions.

GRESB: An organisation which provides independent benchmarking of ESG metrics for the property industry.

Gross rental income: Contracted rental income recognised in the period in the Income Statement, including surrender premiums. Lease incentives, initial costs and any contracted future rental increases are amortised on a straight line basis over the lease term.

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.

Life cycle assessments: Life cycle assessment (LCA) is a methodology for assessing the environmental impacts associated with all the stages of the life cycle of a building.

Loan to value (LTV): Net borrowings excluding capitalised transaction costs divided by the carrying value of total property assets (investment, owner occupied and trading properties and excludes head lease ROU asset). This is reported on a 'look-through' basis (including joint ventures and associates at share) except where stated.

MSCI: MSCI Real Estate calculates indices of real estate performance around the world.

Net debt: Borrowings less cash and cash equivalents.

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.

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.

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.

Rent roll: See Passing Rent.

SELP: SEGRO European Logistics Partnership, a 50-50 joint venture between SEGRO and Public Sector Pension Investment Board (PSP Investments).

SIIC: Sociétés d'investissements Immobiliers Cotées are the French equivalent of UK Real Estate Investment Trusts (see REIT).

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

Square metres (sq. m): The area of buildings measurements used in this analysis. The conversion factor used, where appropriate, is one square metre = 10.7639 square feet.

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.

Total accounting return (TAR): A measure of the growth in Net Asset Value (NAV) per share calculated as change in Adjusted NAV per share in the period plus dividend per share paid in the period, expressed as a percentage of Adjusted NAV per share at the beginning of the period.

Total property return (TPR): A measure of the ungeared return for the portfolio and is calculated as the change in capital value, less any capital expenditure incurred, plus net income, expressed as a percentage of capital employed over the period concerned, as calculated by MSCI Real Estate and excluding land.

Total shareholder return (TSR): A measure of return based upon share price movement over the period and assuming reinvestment of dividends.

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

Yield on cost: 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.

Yield on new money: The yield on cost excluding the book value of land if the land is owned by the Group in the reporting period prior to commencement of the development.