PRESS RELEASE

26 July 2024

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

CONTINUED RENTAL GROWTH, VALUATIONS STABILISED

KEY MESSAGES

- Occupier market conditions remain attractive and SEGRO's focus on the most supply-constrained European urban and big box markets has driven continued income and earnings growth.
- Valuations have stabilised, with the UK seeing its first increase since the cycle turned in 2022.
- SEGRO is well-placed for further profitable growth with the potential to increase passing rents by over 50 per cent over the next three years, supporting strong shareholder returns.

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

"SEGRO has continued to perform well during the first half of 2024, signing £48 million of new rent. The balance of supply and demand for modern warehouse space remains supportive of further rental growth and development gains in the attractive European markets in which our portfolio is concentrated.

"Valuations have stabilised with the UK seeing its first increase since the cycle turned in 2022. The strength of our local networks, and balance sheet have enabled us to invest selectively in profitable new opportunities, putting to work some of the capital raised in February.

"In a sector that continues to benefit from long-term, attractive structural drivers, SEGRO is well-placed for further growth through a combination of active asset management of our irreplaceable, prime portfolio of existing assets and our profitable development programme, which includes a sizeable data centre pipeline. These factors, together with the competitive advantage of our market-leading operating platform, give us confidence that we will continue to deliver attractive and compounding increases in both earnings and dividends."

HIGHLIGHTS[1]:

- **£48 million of new headline rent commitments signed during the period** (H1 2023: £44 million), including £17 million of new pre-let agreements, and a 28 per cent average uplift in rent reviews and renewals as we continue to capture embedded reversion within the portfolio.

- **7 per cent increase in net rental income to £306 million (H1 2023: £286 million),** driven by strong like-for-like rental growth of 5.3 per cent and development completions.

- **Adjusted pre-tax profit of £227 million up 14.6 per cent compared with the prior year (H1 2023: £198 million). Adjusted EPS is 17.0 pence, up 6.9 per cent** (H1 2023: 15.9 pence), the impact of the equity placing being broadly neutral as the higher share count was offset by lower interest costs.

- **Overall valuation flat, with a positive performance in the UK offset by a small decline in Continental Europe, mostly due to modest outward yield shift. Adjusted NAV per share down 1.8 per cent to 891 pence** (31 December 2023: 907 pence) largely due to the impact of the equity placing.

- **Capital investment of £401 million** (H1 2023: £625 million) comprising development capex and acquisitions, less £251 million of disposals completed ahead of previous book values.
- **Development completions added £27 million of potential new headline rent, delivered at a yield on cost of 7.0 per cent.** 78 per cent of this has been leased and 96 per cent was, or is expected to be, certified BREEAM 'Excellent' (or local equivalent) or higher.
- **A further £49 million of potential rent from development projects under construction or in advanced negotiations,** 65 per cent of which has been or is currently expected to be pre-let. Anticipated yield on cost for these projects is 7.7 per cent.
- **Strong balance sheet, well-positioned for further growth following £907 million equity placing.** LTV of 30 per cent (31 December 2023: 34 per cent) and net debt:EBITDA of 8.5 times (31 December 2023: 10.4 times), with access to £2.1 billion of cash and undrawn committed bank facilities.
- **Attractive cost of debt due to our diverse, long-term debt structure**. Average cost of debt is 2.7 per cent (31 December 2023: 3.1 per cent) with no major debt maturities until 2026.
- **Interim dividend increased by 4.6 per cent to 9.1 pence** (2023: 8.7 pence).

FINANCIAL SUMMARY

	6 months to 30 June 2024	**6 months to 30 June 2023**	**Change per cent**
Adjusted[2] profit before tax (£m)	**227**	198	14.6
IFRS profit/ (loss) before tax (£m)	**235**	(33)	–
Adjusted[3] earnings per share (pence)	**17.0**	15.9	6.9
IFRS earnings per share (pence)	**16.9**	(1.9)	–
Dividend per share (pence)	**9.1**	8.7	4.6
Total Accounting Return (%)[4]	**0.3**	(1.1)	–
	30 June 2024	**31 December 2023**	**Change per cent**
Assets under Management (£m)	**20,645**	20,677	
Portfolio valuation (SEGRO share, £m)	**17,817**	17,762	0.0 [5]
Net true equivalent yield (%)	**5.3**	5.3	-
Adjusted[6 7] net asset value per share (pence, diluted)	**891**	907	(1.8)
IFRS net asset value per share (pence, diluted)	**874**	886	
Net debt (SEGRO share, £m)	**5,218**	6,016	
Loan to value ratio including joint ventures at share (%)	**30**	34	
Net debt:EBITDA[8] (times)	**8.5**	10.4	

1. Figures quoted on pages 1 to 12 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.
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. Table 3 in the Supplementary Notes provides a reconciliation to the condensed financial information.
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).
8. For further information on net debt:EBITDA see footnote 2 to Table 2 in the Supplementary Notes.

OPERATING SUMMARY & KEY METRICS

		H1 2024	H1 2023	FY 2023
PORTFOLIO VALUATION FLAT, CONTINUED RENTAL GROWTH (see page 6):				
Portfolio valuation change (%)	Group	**0.0**	(1.4)	(4.0)
	UK	**0.9**	(0.6)	(3.4)
	CE	**(1.4)**	(2.7)	(5.1)
Estimated rental value (ERV) growth (%)	Group	**1.4**	3.7	6.0
	UK	**1.5**	3.0	4.9
	CE	**1.3**	4.8	7.9
ACTIVE ASSET MANAGEMENT DRIVING OPERATIONAL PERFORMANCE (see page 10):				
Total new rent contracted during the period (£m)		**48**	44	88
Pre-lets signed during the period (£m)		**17**	19	27
Like-for-like net rental income growth (%):	Group	**5.3**	5.1	6.5
	UK	**4.0**	4.3	5.3
	CE	**7.4**	6.4	8.5
Uplift on rent reviews and renewals (%)	Group	**28**	20	31
(note: excludes uplifts from indexation)	UK	**36**	26	40
	CE	**7**	10	8
Occupancy rate (%)		**94.6**	95.5	95.0
Customer retention (%)		**87**	85	81
Solar capacity (MW)		**78**	48	59
INVESTMENT ACTIVITY REMAINS DISCIPLINED AND FOCUSED ON SECURING PROFITABLE GROWTH (see page 8):				
Development capex (£m)		**211**	299	527
Acquisitions (£m)		**190**	326	404
Disposals (£m)		**251**	74	356
Development capex for FY 2024 expected to be c.£500 million.				
EXECUTING AND GROWING OUR PROFITABLE DEVELOPMENT PIPELINE (see page 9):				
Development completions:				
– Space completed (sq m)		**269,100**	340,900	625,700
– Potential rent (£m) (Rent secured)		**27 (78%)**	28 (83%)	50 (87%)
– BREEAM ‘Excellent’[1] or above (%)		**96**	85	92
Current development pipeline potential rent (£m) (Rent secured)		**47 (64%)**	66 (65%)	51 (62%)
Near-term pre-let development pipeline potential rent (£m)		**2**	10	20

1. Or local equivalent

OUTLOOK

SEGRO has one of the best and most modern industrial and logistics portfolios in Europe, with two-thirds of our invested capital (at share) representing urban warehouses (including our data centre portfolio) located in Europe's largest cities, and one-third representing big box warehouses located in major logistics hubs and along key transportation corridors.

These assets are in high demand from occupiers, driven by the long-term structural drivers at play in our sector - digitalisation, supply-chain resilience, urbanisation and sustainability - and the locations we operate in have a shortage of modern, sustainable space due to low availability of land, restrictive planning policies and, more recently, a significant fall in speculative construction starts across Europe.

Our portfolio is well-positioned to benefit from this tight supply-demand dynamic and we believe that this, combined with an improving macroeconomic situation, will support higher take-up levels and help to drive continued rental growth in line with our medium-term expectations.

This rental growth is expected to add to the £133 million of future additional income that is already underpinned by rent reversion within our existing portfolio, equating to approximately 20 per cent of our rent roll that we are successfully capturing whilst keeping customer retention high. Our high-quality land bank also creates the potential to add a further £404 million of rental income through development, which includes a sizeable data centre opportunity.

Asset values appear to be at an inflection point in the UK and bottoming out in Continental Europe, and the prospect of interest rate cuts later in the second half should provide support for continued recovery in investment market conditions. We believe this will present further, exciting opportunities for SEGRO to drive future returns.

Overall, we believe the present market environment offers an attractive opportunity for profitable medium-term investment. SEGRO, with the benefit of its prime portfolio, excellent land bank, market-leading operating platform and strong balance sheet, is well-placed to deliver attractive returns and continued compounding growth in earnings and dividends.

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/66714879c5e2640c000ef5ed/qpaer

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)800 279 3956
	+44 (0)207 107 0613
Access code:	43520861

An audio recording of the conference call will be available until 2 August 2024 on:

UK:	+44 (0)203 608 8021
Access code:	43520861#

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 2024 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

2024 interim dividend ex-div date	8 August 2024
2024 interim dividend record date	9 August 2024
2024 interim dividend scrip dividend price announced	15 August 2024
Last date for scrip dividend elections	30 August 2024
2024 interim dividend payment date	20 September 2024
2024 Third Quarter Trading Update	17 October 2024
Full Year 2024 Results (provisional)	14 February 2025

ABOUT SEGRO

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

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

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.

INTRODUCTION

The first half of 2024 has seen a strong operational performance supported by the high quality of our portfolio, continued occupier demand as well as the active approach to asset management and customer service 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 (including our data centre portfolio) with the remaining one-third being larger assets that are 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 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, supported by long-term structural drivers, 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 reversionary potential already embedded within the portfolio and the increased levels of indexation that we are capturing across Continental Europe.

With a strong balance sheet, 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 and these will help to ensure that our business is in the best shape possible for success in the coming years.

PORTFOLIO UPDATE

Portfolio valuations stable, continued market rental growth

Warehouse property values have continued to stabilise during the first six months of 2024 with investor appetite for real assets improved by greater certainty over the trajectory for interest rates. Transaction volumes have, however, remained low and there has been a small amount of further yield expansion in some Continental European markets, but this has mostly been offset by market rental growth. As a result, we have seen positive asset revaluations in some of our markets for the first time since 2022, and only small declines in others.

The Group’s property portfolio was valued at £17.8 billion at 30 June 2024 (£20.6 billion of assets under management). The portfolio valuation change, including completed assets, land and buildings under construction, was flat at 0.0 per cent (after adjusting for capital expenditure and asset recycling) during the first half of the year, compared to a decline of 1.4 per cent during the first half of 2023. The net true equivalent yield on our portfolio at 30 June 2024 was 5.3 per cent, a rise of around 8 basis points from 31 December 2023.

Assets held throughout the period increased by 0.1 per cent (H1 2023: 1.6 per cent decline), with the modest amount of yield expansion on the Continent offset by a 1.4 per cent increase in the external valuer’s estimate of the market rental value of our portfolio (H1 2023: 3.7 per cent increase) and the benefit of our asset management initiatives.

Assets held throughout the period in the UK increased in value by 0.9 per cent (H1 2023: 0.8 per cent decrease), slightly outperforming the MSCI Real Estate All Industrial Monthly Index which increased by 0.5 per cent over the same period. The net true equivalent yield applied to our UK portfolio was 5.2 per cent, the same as at 31 December 2023. Rental values improved by 1.5 per cent (H1 2023: 3.0 per cent).

Assets held throughout the year in Continental Europe decreased in value by 1.5 per cent (H1 2023: 3.0 per cent decrease) on a constant currency basis, reflecting a combination of 20 basis points of yield expansion to 5.6 per cent (31 December 2023: 5.4 per cent) and rental value growth of 1.3 per cent (H1 2023: 4.8 per cent).

Property portfolio metrics at 30 June 2024[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	**2,765,091**	**9,929**	**1,344**	**11,273**	**11,301**	**0.9**	**4.1**	**5.2**	**93.3**
Continental Europe	**8,013,216**	**5,700**	**844**	**6,544**	**9,344**	**(1.5)**	**5.0**	**5.6**	**96.8**
Germany	1,853,522	1,566	316	1,882	2,631	(3.0)	4.6	5.1	99.1
Netherlands	472,994	374	1	375	576	1.1	4.3	5.4	98.3
France	1,658,480	1,652	341	1,993	2,511	0.1	4.7	5.5	94.1
Italy	1,755,878	1,044	76	1,120	1,598	(2.2)	5.6	5.7	98.6
Spain	339,857	278	56	334	542	(0.9)	5.1	5.4	99.1
Poland	1,762,588	692	50	742	1,290	(1.5)	6.3	6.8	94.1
Czech Rep.	169,897	94	4	98	196	(1.1)	5.2	6.2	97.7
GROUP	**10,778,307**	**15,629**	**2,188**	**17,817**	**20,645**	**0.1**	**4.4**	**5.3**	**94.6**

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.

3 In relation to completed properties only.

More details of our property portfolio can be found in the H1 2024 Property Analysis Report at www.SEGRO.com/investors.

Strong rent roll growth, driven by the capture of reversion as well as development

Occupier market conditions remained supportive during the first half of the year. Demand was in line with pre-pandemic averages benefiting from structural tailwinds (although lower than in recent years), whilst the availability of well-located, modern and sustainable warehouse space is limited across our markets. This helped us to grow the rental income on our portfolio, by increasing the rents on our existing space and through our development programme, both of which contributed to income and earnings growth.

During the first half of 2024, we signed £48 million (H1 2023: £44 million) of new headline rent. We added £19 million of net new rent from our existing portfolio (H1 2023: £11 million). This comprised £15 million on new lettings (H1 2023: £8 million) and £15 million from the capture of reversion (the difference between in-place and market rents) on rent reviews and renewals, and from inflation-related uplifts in index-linked leases (H1 2023: £12 million), offset by rent lost from space taken back of £11 million (H1 2023: £9 million), much of it for refurbishment.

Occupier demand for new space enabled us to sign further pre-let agreements for delivery over the next two years. We signed £17 million of headline rent from pre-let agreements and lettings of speculative developments prior to completion (H1 2023: £19 million). This included two UK big box developments in the Midlands, one for a food producer at our food campus SmartParc SEGRO Derby and the other was our first pre-let at SEGRO Logistics Park Northampton for a global third-party logistics company. We also signed pre-lets for retailers and distributors in Germany and Italy.

As a result of this activity, 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 £36 million (H1 2023: £34 million).

At 30 June 2024, our portfolio generated passing rent of £662 million, rising to £728 million once rent free periods expire (‘headline rent’).

Summary of key leasing data for H1 2024

Summary of key leasing data[1] for the six months to 30 June		**1H24**	**1H23**
Take-up of existing space[2] (A)	£m	**15**	8
Space returned[3] (B)	£m	**(11)**	(9)
NET ABSORPTION OF EXISTING SPACE[2] (A-B)	£m	**4**	(1)
Other rental movements (rent reviews, renewals, indexation)[2] (C)	£m	**15**	12
RENT ROLL GROWTH FROM EXISTING SPACE	£m	**19**	11
Take-up of pre-let developments completed in the year (signed in prior years)[2] (D)	£m	**20**	21
Take-up of speculative developments completed in the past two years[2] (D)	£m	**2**	6
TOTAL TAKE-UP[2] (A+C+D)	£m	**52**	47
Less take-up of pre-lets and speculative lettings signed in prior years[2]	£m	**(21)**	(22)
Pre-lets signed in the year for future delivery[2]	£m	**17**	19
RENTAL INCOME CONTRACTED IN THE YEAR[2]	£m	**48**	44
Takeback of space for redevelopment	£m	**(1)**	(1)

1 All figures reflect exchange rates at 30 June 2024 and include joint ventures at share.

2 Headline rent.

3 Headline rent, excluding space taken back for redevelopment.

INVESTMENT UPDATE

Taking a disciplined approach to capital allocation is key to delivering long-term outperformance and we use our in-depth knowledge of our markets and our customer base to position our portfolio accordingly, adapting our approach to capital deployment depending on our assessment of the property cycle and other external factors.

During the first half of 2024 we have continued to deploy capital into our profitable development pipeline, while leveraging our operating platform and strong local relationships to acquire some attractive assets. We have also taken the opportunity to sell a number of assets, meaning that net investment during the period was £150 million comprising: development capital expenditure of £211 million, £190 million of acquisitions (mostly assets), partly offset by £251 million of disposals during the period.

Capital deployment focused on the most profitable development opportunities and attractive asset acquisitions

During the period we invested £211 million into our development pipeline (H1 2023: £299 million), including £52 on infrastructure to facilitate future UK big box parks. We expect to invest c.£500 million on development capex during 2024, adjusted from c.£600 million due to delays in bringing forward some anticipated pre-lets.

Acquisitions totalled £190 million, primarily comprising the purchase of three fully leased, highly reversionary logistics warehouses in the Netherlands that are in attractive locations and helped us to strengthen our market position in a region which is a vital logistics hub for Continental Europe. The annualised rental income of these assets is £8 million.

We continued our active asset recycling programme disposing of properties identified for mid-term sale as part of our annual portfolio review process. Disposals totalled £251 million of assets and land, representing £8 million of annualised rental income and generating a £50 million profit on book value. Two of these disposals were opportunities that we had identified as part of our longer-term data centre pipeline. These disposals crystallised a highly attractive return upfront and captured our anticipated profit from building out the sites as powered shell data centres, but without the timing and development risk, in line with our strategy to maximise risk-adjusted returns from this opportunity set.

Since the period end, our joint venture SEGRO European Logistics Partnership (“SELP”) also completed the disposal of a €327 million portfolio consisting of four big box logistics warehouses in Italy (SEGRO share: £139 million), equating to around £8 million of annualised rental income (at share).

DEVELOPMENT

Disciplined capital allocation and Operational excellence are both key to the success of our development programme. They ensure that we deploy capital into the most profitable opportunities and into markets with the greatest long-term return potential, execute on our pipeline efficiently and safely, and build to the highest construction and sustainability standards.

Development completions delivered £27 million of potential headline rent

Development completions added 269,100 sq m of new space to the portfolio during the first half of 2024, generating £21 million of headline rent, with a further £6 million to come when the remainder of the space is let. The yield on total development cost (including land, construction and finance costs) is expected to be 7.0 per cent when fully occupied.

We completed 202,500 sq m of big box warehouses during the period, including at SEGRO Park Coventry, space for third-party logistics operators and manufacturers in Poland and Italy, and for a publisher in Spain.

We completed 66,600 sq m of urban warehouses, including a data centre in the Slough Trading Estate, V-Park Grand Union in Park Royal (our first multi-storey industrial development in London) and industrial units in Amsterdam, Paris and Warsaw.

All of our eligible development completions during the first half of 2024 have been, or are expected to be, accredited at least BREEAM 'Very Good' (or local equivalent), with 96 per cent 'Excellent' or 'Outstanding' or higher.

£49 million of potential headline rent currently under development or due to start shortly

At 30 June 2024, we had development projects approved, contracted or under construction totalling 395,800 sq m, representing £231 million of future capital expenditure to complete and £47 million of annualised gross rental income when fully let. 64 per cent of this rent has already been secured and these projects should yield 7.7 per cent on total development cost when fully occupied.

In the UK, we have 179,200 sq m of space approved or under construction. Within this are both a data centre and urban warehouse development on the Slough Trading Estate, as well as big box warehouses at our logistics parks in Northampton and East Midlands Gateway and at our food campus SmartParc SEGRO Derby.

In Continental Europe, we have 216,600 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, in Germany, Italy and Spain. We are also developing further phases of our successful urban warehouse parks in Cologne and Paris, as well as in Marseille.

We continue to focus our speculative developments on urban warehouse projects in major European cities, where modern space is in short supply and occupier demand is strong.

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

Within the future development pipeline we often have a small number of pre-let projects close to being approved, awaiting either final conditions to be met or planning approval to be granted before commencing construction, typically within the next six to twelve months. At 30 June 2024 there was one project in this near-term pipeline, totalling 17,600 sq m of space, equating to approximately £16 million of future capital expenditure and £2 million of potential annual rent. This is a lower level than in previous periods but we have a significant number of enquiries that we hope to progress during the second half.

£0.5 billion of future potential rent from land bank and options

Our land bank identified for future development (including the near-term projects detailed above) totalled 1,097 hectares as at 30 June 2024, valued at £1.6 billion, roughly 9 per cent of our total portfolio value. The land bank comprises both bare land and sites with some existing buildings that were acquired with the intent to develop (these currently generate £11 million of annualised rent, which is excluded from passing rent).

We estimate this land bank can support 3.4 million sq m of development over the next five to seven years. The estimated capital expenditure associated with the future pipeline is approximately £3.6 billion. It could generate £404 million of gross rental income, representing a yield on total development cost (including land and notional finance costs) of between 7 and 8 per cent.

The land bank includes sites that SEGRO has identified as suitable for data centre development across the UK and Continental Europe, there is further potential from redevelopment of existing assets which are not included in these development pipeline numbers. The total opportunity is c.£200 million of potential new rent.

Land acquisitions that are 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 London's prime West and East corridors.

Those we expect to exercise over the next two to three years are for land capable of supporting almost 1.0 million sq m of space and generating approximately £95 million of headline rent, for a blended yield of between 7 and 8 per cent. The options are held on the balance sheet at a value of £14 million (including joint ventures and associates at share).

All of the figures relating to our land bank and options, other than the current value, 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.

Further details of our completed projects and development pipeline are available in the H1 2024 Property Analysis Report, at www.SEGRO.com/investors.

ASSET MANAGEMENT

The performance of our existing portfolio relies on our continued focus on Operational excellence whether that means providing the best customer experience throughout the customer's 'journey' with SEGRO, optimising rental income and lease terms, ensuring consistency of operating standards, or driving efficiency through continuous improvement and the digitalisation of processes.

We believe SEGRO has a market-leading operating platform, with people on the ground in all of our key locations. Through the internal management of our portfolio, we build strong and meaningful relationships with our customers and other business partners, and actively manage our assets to generate outperformance through the cycle.

Strong and diversified customer base

Understanding our customers and their evolving needs is crucial to the success of our business. The insights that we gain from these relationships help us to shape our portfolio and ensure that our buildings are fit for the future and suitable for occupiers' changing requirements, for example enhancing sustainability features across the portfolio and ensuring a greater provision of power for new developments to allow for increased automatisation and future EV charging requirements.

Our customer base remains well diversified, reflecting the flexibility of warehouse space and that two-thirds of our portfolio is in urban locations. Our top 20 customers account for 33 per cent of total headline rent. Amazon remains our largest customer, accounting for 6 per cent of our total rent roll.

Customers from the transport and logistics sector continued to be the largest takers of our space during the first half of the year, as they remain focused on prioritising efficiency, resilience and sustainability across their operations. This was closely followed by the technology, media and telecoms sector, which was driven by data centre operators taking additional space to keep up with increased corporate and consumer demand.

Our urban spaces continue to be in high demand by a large range of businesses who provide value-added goods and services to nearby growing populations.

Actively managing our portfolio to create value

The supply-demand dynamics across our chosen markets remained favourable during the first half of 2024, helping to drive further rental (ERV) growth and £48 million of new headline rent signed during the first six months. The active asset management of our portfolio reflects our determination to generate outperformance through the cycle. We create plans for every single asset as part of our annual asset review process, aiming to strike a balance between maintaining current high occupancy and creating opportunities to drive future rents and create value through refurbishment, redevelopment or conversion to alternative, higher value, such as data centres.

We monitor a number of metrics that help us assess the performance of our existing portfolio:

- **Good progress in capturing the embedded reversion within our portfolio:** Lease reviews and renewals during the period generated an uplift of 28 per cent (H1 2023: 20 per cent), adding £9 million of new headline rent. New rents agreed at review and renewal were 36 per cent higher in the UK (H1 2023: 26 per cent) as reversion accumulated over the past five years was reflected in new rents agreed. In Continental Europe, rents agreed on renewal were 7 per cent higher (H1 2023: 10 per cent higher), as a result of market rental growth continuing to outpace annual indexation uplifts which have been achieved over recent years. Our portfolio is 20 per cent reversionary, providing us with the opportunity to capture a further £133 million of headline rent over the next five years, £76 million of which is up for rent review or renewal by the end of 2026.
- **Occupancy has remained high at 94.6 per cent (31 December 2023: 95.0 per cent)**, in line with our 94 to 96 per cent target. The slight reduction from year end reflects the recent completion of speculative projects, mostly in the UK. The occupancy rate excluding recently completed speculative developments remains high at 96.3 per cent (31 December 2023: 96.0 per cent) and the average occupancy rate during the period was 94.4 per cent (H1 2023: 95.5 per cent).
- **Customer retention rate increased to 87 per cent.** Approximately £55 million of headline rent was at risk from a break or lease expiry during the period, of which we retained 85 per cent in existing space (H1 2023: 82 per cent), and a further 2 per cent in new premises (H1 2023: 3 per cent).
- **Lease terms continue to offer attractive income security.** The level of incentives agreed for new leases (excluding those on developments completed in the period) increased slightly to 7.2 per cent of the headline rent (H1 2023: 6.1 per cent). We maintained the portfolio’s weighted average lease length, with 7.4 years to first break and 8.4 years to expiry (31 December 2023: 7.3 years to first break, 8.3 years to expiry). Lease terms are longer in the UK (8.7 years to break) than in Continental Europe (5.5 years to break), reflecting the market convention of shorter leases in countries such as France and Poland.

Working closely with our customers and refurbishing older assets to help us achieve our Championing low-carbon growth ambitions

We have targets set and approved under the international Science-Based Targets Initiative (SBTi) 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.

We continue to improve the carbon footprint of our portfolio through the ongoing maintenance and refurbishment of our warehouses. 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. Our solar capacity at 30 June 2024 was 78 MW and we expect it to reach more than 95 MW by the end of the year.

INTERIM DIVIDEND OF 9.1 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 0.4 pence per share to 9.1 pence (H1 2023: 8.7 pence), a rise of 4.6 per cent. This will be paid as an Ordinary dividend on 20 September 2024 to shareholders on the register at the close of business on 9 August 2024.

The Board will offer a scrip dividend option for the 2024 interim dividend, allowing shareholders to choose whether to receive the dividend in cash or new shares. In respect of the 2023 final dividend paid in May 2024, 46 per cent of shareholders, representing £111 million of dividend payments, elected for the scrip option which resulted in the issue of 13.0 million new shares.

FINANCIAL REVIEW

Like-for-like net rental income growth and income from new developments and lower finance costs as a result of the equity placing were the primary drivers of the 15 per cent increase in Adjusted profit before tax compared to H1 2023. Adjusted NAV per share decreased by 2 per cent to 891 pence compared to December 2023, primarily due to the additional shares in issue as a result of the equity placing.

Financial highlights

	30 June 2024	30 June 2023	31 December 2023
IFRS net asset value (NAV) per share (diluted) (p)	**874**	913	886
Adjusted NAV per share[1] (diluted) (p)	**891**	937	907
IFRS profit/(loss) before tax (£m)	**235**	(33)	(263)
Adjusted profit before tax[2] (£m)	**227**	198	409
IFRS earnings per share (EPS) (p)	**16.9**	(1.9)	(20.7)
Adjusted EPS[2] (p)	**17.0**	15.9	32.7

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.

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, and subsidiaries are consolidated at 100 per cent.

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.

The impairment of a loan to an associate of £1 million (FY 2023: £28 million, H1 2023: £nil) has been excluded. Furthermore, in the prior year, the net profit after tax impact of the SELP performance fee recognised of £42 million was excluded. The H1 2023 reported results were not impacted by these changes. Both items are detailed along with a reconciliation between Adjusted profit after tax and IFRS profit after tax 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 2024 £m	Six months to 30 June 2023 £m
Gross rental income	**283**	266
Property operating expenses	**(43)**	(42)
Net rental income	**240**	224
Joint venture management fee income	**14**	16
Management and development fee income	**5**	3
Administrative expenses	**(35)**	(33)
Share of joint ventures and associates' Adjusted profit after tax[1]	**41**	40
Adjusted operating profit before interest and tax	**265**	250
Net finance costs	**(38)**	(52)
Adjusted profit before tax	**227**	198
Tax on Adjusted profit	**(5)**	(5)
Adjusted profit after tax[2]	**222**	193

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.

Adjusted profit before tax increased by £29 million (15 per cent) to £227 million (H1 2023: £198 million) during H1 2024. The results are largely driven by growth in net rental income (including joint ventures and associates at share) of £20 million and a decrease in net finance costs of £14 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 2024 £m	Six months to 30 June 2023 £m	Change[2] %
UK	**166**	159	4.0
Continental Europe	**108**	101	7.4
Like-for-like net rental income before other items	**274**	260	5.3
Other[1]	**(3)**	(3)	
Like-for-like net rental income (after other)	**271**	257	5.4
Development lettings	**19**	4	
Properties taken back for development	**6**	10	
Like-for-like net rental income plus developments	**296**	271	
Properties acquired	**2**	–	
Properties sold	**2**	8	
Net rental income before surrenders, dilapidations and exchange	**300**	279	
Lease surrender premiums and dilapidations income	**5**	1	
Other items and rent lost from lease surrenders	**1**	3	
Impact of exchange rate difference between periods	**–**	3	
Net rental income (including joint ventures and associates at share)[3]	**306**	286	
SEGRO share of joint venture management fees	**(6)**	(6)	
Net rental income after SEGRO share of joint venture management fees	**300**	280	

1. Other includes the corporate centre and other costs relating to the operational business which are not specifically allocated to a geographical business.

2. Percentage change has been calculated using numbers accurate to one decimal place.

3. The like-for-like net rental growth metric is based on properties held throughout both H1 2024 and H1 2023 on a proportionally consolidated basis. The value of the properties as at 30 June 2024 on a proportional basis were £13,951 million (June 2023: £14,325 million). 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, with the balance shown as disposals.

The like-for-like rental growth metric is based on properties held throughout both H1 2024 and H1 2023 and comprises wholly-owned assets (net rental income of £240 million) and SEGRO's share of net rental income held in joint ventures and associates (£66 million) totalling £306 million.

Net rental income increased by £20 million in H1 2024, primarily reflecting the positive impact of like-for-like rental growth of £14 million and £15 million of additional income from development lettings.

On a like-for-like basis, before other items, net rental income increased by £14 million, or 5.3 per cent, compared to H1 2023. In the UK there was a 4.0 per cent increase and in Continental Europe a 7.4 per cent increase. This is due to strong rental performance from rent reviews and indexation across our portfolio.

Income from joint ventures and associates

SEGRO's share of joint ventures and associates' Adjusted profit after tax increased by £1 million from £40 million in H1 2023 to £41 million in H1 2024 as a result of growth in net rental income in the SELP joint venture being offset by slightly higher finance and tax costs.

Joint venture management fee income decreased by £2 million to £14 million in H1 2024 as a result of lower development activity and property valuations on which the fees are based.

Administrative and operating costs

The Total Cost Ratio ('TCR') for H1 2024 of 20.2 per cent was broadly consistent with H1 2023 (20.4 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 18.9 per cent in H1 2024 was also broadly consistent with H1 2023 (18.8 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 remained broadly in line in the period with a £1 million increase from £42 million in H1 2023 to £43 million in H1 2024. Rent collection is tracking at normal levels in the period with a small level of insolvencies which is reflected in the loss allowance and impairment of receivables charge in the period of £nil (H1 2023: £1 million).

Administrative expenses have increased by £2 million, as a result of increased amortisation primarily from spend on technology.

Net finance costs

Net finance costs have decreased by £14 million during the period from £52 million in H1 2023 to £38 million in H1 2024 primarily due to a higher cash balance and lower borrowings as a result of the equity placing undertaken in February 2024.

Taxation

The tax charge on Adjusted profit of £5 million (H1 2023: £5 million) reflects an effective tax rate of 2.2 per cent (H1 2023: 2.5 per cent).

The Group's tax rate reflects the fact that over three-quarters of its wholly-owned 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 17.0 pence (H1 2023: 15.9 pence) reflecting the 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 a result of the equity placing during the period as detailed further in Note 14 to the Condensed Financial Statements. Excluding the impact of the equity placing on Adjusted profit, primarily through lower net finance costs, the growth in Adjusted profit after tax compared to the prior period (7 per cent) is broadly in line with the growth in earnings per share (6 per cent). The earnings per share metric also includes movements in shares during the period, as detailed further in Note 14.

IFRS PROFIT/(LOSS)

IFRS profit after tax was £220 million in H1 2024 (H1 2023: £23 million loss) primarily due to Adjusted profit after tax of £222 million described above. This equated to an IFRS earnings per share of 16.9 pence compared to a loss per share of 1.9 pence in H1 2023.

IFRS profit after tax includes realised and unrealised property gains of £7 million including a gain from the wholly owned portfolio of £53 million (being a gain on disposal of £50 million and a revaluation surplus on investment property of £3 million) partially offset by a share of a revaluation deficit on the joint venture portfolio of £46 million. Further breakdown is detailed in Note 7.

No performance fee has been recognised in the H1 2024 or H1 2023 however a performance fee was recognised in FY 2023 with a net impact on profit of £42 million in the prior period. Further detail is given in Note 2 and 6.

A reconciliation between Adjusted profit after tax and IFRS profit after 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 2023	**11,162**	**1,230.7**	**907**
Adjusted profit after tax	222	–	17
Realised and unrealised property gains and losses (including joint ventures and associates)[1]	7	–	–
Dividend net of scrip shares issued (2023 final)	(145)	13.0	(19)
Equity share placing	889	110.6	(9)
Exchange rate movement (net of hedging)	(41)	–	(3)
Other	(25)	(0.2)	(2)
Adjusted net assets attributable to ordinary shareholders at 30 June 2024	**12,069**	**1,354.1**	**891**

1. Includes unrealised valuation losses of £43 million and realised property gains of £50 million. See Note 7 for further details.

At 30 June 2024, IFRS net assets attributable to ordinary shareholders (on a diluted basis) were £11,830 million (31 December 2023: £10,904 million), equating to 874 pence per share (31 December 2023: 886 pence).

Adjusted net asset value per share at 30 June 2024 was 891 pence measured on a diluted basis (31 December 2023: 907 pence), a decrease of 2 per cent in the period. The table above highlights the principal factors behind the decrease. The dividend impact includes the effect of issuing shares in lieu of cash as a result of the scrip dividend alternative offered to shareholders.

A reconciliation between IFRS and Adjusted net assets is available in Note 11 to the Condensed Financial Statements.

CASH FLOW AND NET DEBT RECONCILIATION

Cash flow from operations for the period was £203 million, a decrease of £51 million from H1 2023 (£254 million). The prior period benefited from a net movement of £32 million in respect of trading properties of which there was no equivalent in the current period.

The largest cash inflow in the period arose from the equity placing undertaken in February which raised £889 million and is detailed further in Note 14. Another significant financing cash flow is dividends paid of £129 million (H1 2023: £113 million) reflecting an increase in the declared dividend per share, the level of scrip dividend take-up and the increased number of shares as a result of the equity placing.

The largest cash outflow in the period relates to acquisitions and developments of investment properties at £462 million, which primarily reflects the Group's investment activity during the period and ongoing development activity (see Investment Update and Development sections above for more details). Cash flows from investment property sales are £251 million, primarily from assets in the UK, giving a net outflow of £211 million from property investment activity compared to £539 million in the prior period.

As a result of these factors there was a net funds inflow of £678 million during the period compared to a £490 million outflow in H1 2023.

Cash flow and net debt reconciliation

	Six months to 30 June 2024 £m	Six months to 30 June 2023 £m
Opening net debt	**(4,972)**	(4,722)
Cash flow from operations	**203**	254
Finance costs (net)	**(70)**	(65)
Dividends received	**6**	3
Tax received/(paid)	**2**	(4)
Free cash flow	**141**	188
Dividends paid	**(129)**	(113)
Acquisitions and development of investment properties	**(462)**	(580)
Investment property sales	**251**	41
Acquisitions of other interests in property and other investments	**(2)**	(1)
Proceeds from issue of ordinary shares	**889**	1
Purchase of non-controlling interest	**–**	(15)
Net settlement of foreign exchange derivatives	**(3)**	(2)
Net investment in joint ventures and associates	**(3)**	1
Other items	**(4)**	(10)
Net funds flow	**678**	(490)
Non-cash movements	**(5)**	(4)
Exchange rate movements	**86**	88
Closing net debt	**(4,213)**	(5,128)

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 £487 million, a decrease of £215 million compared to H1 2023. Acquisitions for the period were £190 million, a decrease of £136 million compared to H1 2023 and primarily related to assets in our Germany and Netherlands region. Development capital expenditure for the period was £211 million, a decrease of £88 million compared to H1 2023, as spend on some schemes has been pushed back with the largest spend continuing to be on our big box schemes in the UK.

Spend on existing completed properties totalled £24 million (H1 2023: £27 million), primarily for value-enhancing major refurbishment and fit-out costs prior to re-letting.

EPRA capital expenditure analysis

	Six months to 30 June 2024			Six months to 30 June 2023		
	Wholly-owned £m	**Joint ventures and associates £m**	**Total £m**	Wholly-owned £m	Joint ventures and associates £m	Total £m
Acquisitions	**190[1]**	**–**	**190**	323[1]	3	326
Development	**185[2]**	**26**	**211**	248[2]	51	299
Capitalised interest[3]	**33**	**1**	**34**	27	2	29
Investment properties:						
Incremental lettable space	**–**	**–**	**–**	1	–	1
Non-incremental lettable space	**23**	**1**	**24**	21	5	26
Tenant incentives[4]	**19**	**9**	**28**	17	4	21
Total	**450**	**37**	**487**	637	65	702

1. Being £190 million investment property and £nil trading property (H1 2023: £323 million and £nil respectively) see Note 12.

2. Being £185 million investment property and £nil trading property (H1 2023: £248 million and £nil respectively) see Note 12.

3. Capitalised interest on development expenditure.

4. Includes tenant incentives and letting fees.

FINANCIAL SUMMARY

Financial position at 30 June 2024

As at 30 June 2024, the gross borrowings of SEGRO Group and its share of gross borrowings in joint ventures and associates, after capitalised finance costs, totalled £5,793 million (31 December 2023: £6,420 million), of which £5 million (31 December 2023: £6 million) are secured by way of legal charges over specific assets. The remainder of gross borrowings are unsecured. Cash and cash equivalent balances were £575 million (31 December 2023: £404 million). The average debt maturity was 6.8 years (31 December 2023: 6.9 years) and the average cost of debt (excluding non-cash interest and commitment fees) was 2.7 per cent (31 December 2023: 3.1 per cent).

Financial Position and Funding

SEGRO GROUP	**30 June 2024**	30 June 2023	31 December 2023
Net borrowings (£m)	**4,213**	5,128	4,972
Available cash and undrawn committed facilities (£m)[1]	**1,885**	1,410	1,528
Gearing (%)	**35**	45	45
LTV ratio (%)	**28**	34	34
Net debt:EBITDA ratio (times)[2]	**8.5**	12.2	10.4
Weighted average cost of debt (%)[3]	**2.8**	3.0	3.2
Interest cover (times)[4]	**2.9**	3.2	2.7
Average duration of debt (years)	**7.6**	8.1	7.6
SEGRO Group, JVs and associates at share			
Net borrowings (£m)	**5,218**	6,078	6,016
Available cash and undrawn committed facilities (£m)[1]	**2,087**	1,687	1,722
LTV ratio (%)	**30**	34	34
Weighted average cost of debt (%)[3]	**2.7**	2.9	3.1
Interest cover (times)[4]	**3.1**	3.4	3.0
Average duration of debt (years)	**6.8**	7.5	6.9

1. Excludes tenant deposits held within cash and cash equivalents.

2. Calculation detailed in Table 2 in the Supplementary Notes.

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

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

Funds available to SEGRO Group (including its share of joint ventures and associates) at 30 June 2024 totalled £2,295 million (31 December 2023: £1,930 million), comprising £575 million of cash and short-term investments (which includes £64 million of tenant deposits) and £1,720 million of undrawn credit facilities (which includes £144 million of uncommitted facilities). Cash and cash equivalent balances, together with the Group's interest rate and foreign exchange derivatives portfolio, are spread amongst a strong group of banks, all of which have a credit rating of A- or better.

Financing

In February 2024, SEGRO undertook an equity placing in which we raised £907 million of gross proceeds (before costs) through the issue of 111 million new shares at a price of 820 pence. This was the main contributor to the reduction in net borrowings since 31 December 2023.

In May 2024, SEGRO cancelled a €100m bilateral revolving credit facility, offsetting the bilateral revolving credit facility entered into during January 2024. Also, in May 2024 SEGRO extended the maturity of another €100m bilateral revolving credit facility by one year.

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

We consider the key leverage metric for SEGRO to be a proportionally consolidated ('look-through') 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 2024 on this basis was 30 per cent (31 December 2023: 34 per cent), the decrease primarily driven by the reduction in net debt due to the equity placing.

SEGRO's borrowings contain gearing covenants based on Group net debt and net asset value, excluding debt in joint ventures. The gearing ratio of the Group at 30 June 2024, as defined within the principal debt funding arrangements of the Group, was 35 per cent (31 December 2023: 45 per cent).

This is significantly lower than the Group's tightest gearing financial covenant within these debt facilities of 160 per cent. Property valuations would need to fall by around 52 per cent from their 30 June 2024 values to reach the gearing covenant threshold of 160 per cent. A 52 per cent fall in property values would equate to an LTV ratio of approximately 62 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 2024, the Group comfortably met this ratio at 2.9 times, calculated on a rolling 12 month basis in line with covenant requirements. Net property rental income would need to fall by 58 per cent from the 12 months ending 30 June 2024 levels, or the Group average interest rate would need to rise to in excess of 8 per cent to breach the interest cover covenant threshold. On a proportionally consolidated basis, including joint ventures, the interest cover ratio was 3.1 times.

SEGRO also monitors its leverage on a net debt:EBITDA basis which is an increasingly important metric for rating agencies and our investors. SEGRO's net debt:EBITDA ratio at 30 June 2024 was 8.5 times (31 December 2023 10.4 times). SEGRO has a long-term issuer default rating of 'BBB+' and a senior unsecured rating of 'A-' from Fitch Ratings as at 30 June 2024. The outlook on the long-term issuer default rating was revised in May 2024 to stable (from negative).

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 weighted average maturity of the gross borrowings of the Group (including joint ventures at share) was 6.8 years, with the closest maturity being SELP's €500 million euro bond in November 2025, followed by the €143 million of drawings remaining under SEGRO's €195 million term loan due in December 2025. This long average debt maturity comprises a 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.

At 30 June 2024, including the impact of derivative instruments, 104 per cent (31 December 2023: 95 per cent) of the net borrowings of the Group (including the Group's share of borrowings within joint ventures) were either at fixed rates or are protected from rising interest rates with an active interest rate cap. This hedged debt percentage is currently greater than 100% due to the temporarily higher cash balance. The interest rate cap portfolio has an average duration of 3.1 years with the longest dated contracts due to expire in late 2029.

Hedging position (% of net borrowings)	**30 June 2024**	30 June 2023	31 December 2023
SEGRO Group			
Fixed rate borrowings	**84**	72	73
Floating rate borrowings subject to an active cap	**22**	13	23
Floating rate borrowings subject to an inactive cap	**5**	4	–
Floating rate borrowings not hedged	**2**	13	12
Total gross borrowings	**113**	102	108
Cash & cash equivalents	**(13)**	(2)	(8)
Total	**100**	100	100
SEGRO Group, JV's and associates at share			
Fixed rate borrowings	**86**	76	76
Floating rate borrowings subject to an active cap	**18**	11	19
Floating rate borrowings subject to an inactive cap	**4**	3	–
Floating rate borrowings not hedged	**3**	11	11
Total gross borrowings	**111**	101	106
Cash & cash equivalents	**(11)**	(1)	(6)
TOTAL	**100**	100	100

As a result of the fixed and capped cover in place, if short term interest rates had been 100 basis points higher throughout the six month period to 30 June 2024, the adjusted net finance cost of the Group would have been approximately £1 million lower (30 June 2023: £3 million higher) representing less than 1 per cent (30 June 2023: 2 per cent) of Adjusted profit after tax. The sensitivity is currently inverted due to the floating rate income earned on the higher than usual cash balances during the six months ending 30 June 2024.

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 minimal transactional foreign currency exposure but does have a potentially significant currency translation exposure arising on the conversion of its 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 its foreign currency gross assets using either borrowings or derivative instruments. The Group targets a hedging range of between the last reported LTV ratio (30 per cent at 30 June 2024) and 100 per cent. At 30 June 2024 the Group was 78 per cent hedged by gross foreign currency denominated liabilities (31 December 2023: 74 per cent).

The exchange rate used to translate euro denominated assets and liabilities as at 30 June 2024 into sterling within the balance sheet of the Group was €1.18:£1 (31 December 2023: €1.15:£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 2024 weakened by 10 per cent against sterling (€1.30, in the case of euros), net assets would have decreased by approximately £125 million and there would have been a reduction in gearing of approximately 2.4 per cent and in the LTV of approximately 1.4 per cent.

The average exchange rate used to translate euro denominated earnings generated during the six months ended 30 June 2024 into sterling within the consolidated income statement of the Group was €1.17:£1 (H1 2023: €1.14:£1). Based on the hedging position at 30 June 2024, 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 (€1.29:£1), Adjusted profit after tax for the six month period would have been approximately £5 million (2.3 per cent) lower than reported. If it had been 10 per cent stronger, adjusted profit after tax for the period would have been approximately £6 million (2.8 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 February 2024, the Group has raised £907 million of new equity, significantly strengthening its balance sheet.
- Cash and available committed facilities, excluding tenant deposits, at 30 June 2024 were £1.9 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 2024, property values would need to fall by around 52 per cent before breaching the gearing covenant. In terms of interest cover, net rental income would need to fall by 58 per cent or the average interest rate would need to reach in excess of 8 per cent 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, and determines the Group's risk appetite and policy. The Audit Committee monitors the effectiveness of the Group's risk management process and internal control systems.

The risk management process is designed to identify, evaluate and respond to the significant risks (including emerging risks) that threaten the Group's objectives. As these risks cannot usually be eliminated or avoided, the process aims to understand, document and mitigate the risks. It therefore can only provide reasonable and not absolute assurance.

The 2023 Annual Report (pages 54 to 64) outlines the Group's risk management process and risk governance, including risk appetite. It provides an annual update on emerging and principal risks. The Board subsequently 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 and there is no material change to those reported in the 2023 Annual Report:

- **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 a 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 may 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, weather-related event, war or civil unrest, acts 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.** We may fail to anticipate and respond to the impact of both physical and transitional risks from climate change on our business, as well as changes in climate-related regulatory reporting. The likelihood of increased severity and unpredictability of weather-related events may result in more frequent and/or prolonged damage to our buildings, causing disruption and increased costs to SEGRO and our customers. Non-compliance with changing laws, regulations, policies, and taxation 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.
- **Development and Construction Execution.** The Group has an extensive current programme and future pipeline of developments. This brings the risk of cost over-runs, for example, due to contractor default or poor performance and management; increased construction costs or over-optimistic appraisals leading to reduced or uneconomic development yields; above-appetite exposure to non-income producing assets, reducing returns; below-appetite land holdings restricting opportunities;

and additional costs, reputation damage, health and safety exposure or regulatory breach due to building defect or deleterious materials in buildings.

- **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 debtor 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.
- **Legal, Political and Regulatory.** The Group could fail to anticipate and/or comply with material political, legal, tax or regulatory changes, leading to litigation, censure, penalties and fines. This could result in a significant unforeseen financial or reputational impact. In addition, compliance with new laws or regulations introduced in any of the areas in which the company the Group operates could be detrimental to the Group's strategy and future business goals.
- **People.** The performance of the business could be impaired due to SEGRO not having the appropriate culture, organisational structure, policies and procedures or skilled people; failing to attract, motivate, retain and develop diverse talent as part of our Nurturing Talent ambition due to inappropriate reward and recognition, learning and development, performance management, hybrid working practices or social policies; or failing to prepare adequate succession plans.
- **Operational Delivery.** The Group could suffer an operational failure such as: major customer default; supply chain, reporting or treasury failure; inappropriate or inaccurate valuation reporting; erroneous lease execution or poor customer insight and retention. This could cause a range of negative impacts including reputational damage and financial impact from fines, unexpected costs and lost revenue.

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 2024 (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 2024;
- 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

25 July 2024

CONDENSED GROUP INCOME STATEMENT

For the six months ended 30 June 2024

	Notes	**Half year to 30 June 2024 (unaudited) £m**	Half year to 30 June 2023 (unaudited) £m	Year to 31 December 2023 (audited) £m
Revenue	4	**327**	342	749
Costs	5	**(68)**	(97)	(161)
		259	245	588
Administrative expenses		**(35)**	(33)	(63)
Share of profit/(loss) from joint ventures and associates after tax	6	**1**	(28)	(76)
Realised and unrealised property gains and losses	7	**53**	(188)	(601)
Impairment of loan from associates	2	**(1)**	–	(28)
Operating profit/(loss)		**277**	(4)	(180)
Finance income	8	**43**	38	84
Finance costs	8	**(85)**	(67)	(167)
Profit/(loss) before tax		**235**	(33)	(263)
Tax	9	**(15)**	10	10
Profit/(loss) after tax		**220**	(23)	(253)
Earnings per share (pence)				
Basic	11	**16.9**	(1.9)	(20.7)
Diluted	11	**16.8**	(1.9)	(20.7)

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Half year to 30 June 2024 (unaudited) £m	Half year to 30 June 2023 (unaudited) £m	Year to 31 December 2023 (audited) £m
Profit/(loss) for the period	**220**	(23)	(253)
Items that may be reclassified subsequently to profit or loss			
Foreign exchange movement arising on translation of international operations	**(89)**	(89)	(61)
Fair value movements on derivatives and borrowings in effective hedge relationships	**48**	51	35
	(41)	(38)	(26)
Tax on components of other comprehensive income	**–**	–	–
Other comprehensive expense	**(41)**	(38)	(26)
Total comprehensive income/(expense) for the period	**179**	(61)	(279)

CONDENSED GROUP BALANCE SHEET

As at 30 June 2024

	Notes	**30 June 2024 (unaudited) £m**	30 June 2023 (unaudited) £m	31 December 2023 (audited) £m
Assets				
Non-current assets				
Intangible assets		**34**	17	30
Investment properties	12	**15,055**	15,234	14,914
Other interests in property		**14**	23	26
Property, plant and equipment		**29**	23	28
Investments in joint ventures and associates	6	**1,592**	1,698	1,636
Other investments		**12**	10	10
Other receivables		**6**	81	8
Derivative financial instruments		**63**	71	47
		16,805	17,157	16,699
Current assets				
Trading properties	12	**3**	2	3
Trade and other receivables		**196**	204	195
Tax asset		**20**	11	25
Derivative financial instruments		**2**	4	8
Cash and cash equivalents	13	**546**	103	376
		767	324	607
Total assets		**17,572**	17,481	17,306
Liabilities				
Non-current liabilities				
Borrowings	13	**4,758**	5,149	5,347
Deferred tax liabilities	9	**175**	203	192
Trade and other payables		**71**	74	74
Derivative financial instruments		**149**	168	97
Tax liabilities		**–**	10	–
		5,153	5,604	5,710
Current liabilities				
Trade and other payables		**536**	580	614
Borrowings	13	**1**	82	1
Derivative financial instruments		**3**	2	52
Tax liabilities		**49**	10	25
		589	674	692
Total liabilities		**5,742**	6,278	6,402
Net assets		**11,830**	11,203	10,904
Equity				
Share capital	14	**135**	122	123
Share premium	14	**4,565**	3,556	3,577
Capital redemption reserve		**114**	114	114
Own shares held		**(2)**	(1)	(2)
Other reserves		**157**	187	204
Retained earnings		**6,861**	7,225	6,888
Total equity		**11,830**	11,203	10,904
Net assets per ordinary share (pence)				
Basic	11	**875**	915	889
Diluted	11	**874**	913	886

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

(unaudited)	Ordinary share capital £m	Share premium £m	Capital redemption reserve £m	Own shares held £m	Other reserves: Share-based payment reserve £m	Other reserves: Translation, hedging and other reserve £m	Other reserves: Merger reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2024	**123**	**3,577**	**114**	**(2)**	**28**	**7**	**169**	**6,888**	**10,904**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**220**	**220**
Other comprehensive expense	**–**	**–**	**–**	**–**	**–**	**(41)**	**–**	**–**	**(41)**
Total comprehensive income/(expense) for the period	**–**	**–**	**–**	**–**	**–**	**(41)**	**–**	**220**	**179**
Transactions with owners of the Company									
Issue of shares	**11**	**878**	**–**	**–**	**–**	**–**	**–**	**–**	**889**
Own shares acquired	**–**	**–**	**–**	**(3)**	**–**	**–**	**–**	**–**	**(3)**
Equity-settled share-based payment transactions	**–**	**–**	**–**	**3**	**(6)**	**–**	**–**	**9**	**6**
Dividends	**1**	**110**	**–**	**–**	**–**	**–**	**–**	**(256)**	**(145)**
Total transactions with owners of the Company	**12**	**988**	**–**	**–**	**(6)**	**–**	**–**	**(247)**	**747**
Balance at 30 June 2024	**135**	**4,565**	**114**	**(2)**	**22**	**(34)**	**169**	**6,861**	**11,830**

For the six months ended 30 June 2023

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

For the year ended 31 December 2023

(audited)	Ordinary share capital £m	Share premium £m	Capital redemption reserve £m	Other reserves: Own shares held £m	Other reserves: Share-based payment reserve £m	Other reserves: Translation, hedging and other reserve £m	Merger reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2023	121	3,449	114	(1)	25	33	169	7,463	11,373
Loss for the year	–	–	–	–	–	–	–	(253)	(253)
Other comprehensive expense	–	–	–	–	–	(26)	–	–	(26)
Total comprehensive expense for the year	–	–	–	–	–	(26)	–	(253)	(279)
Transactions with owners of the Company									
Issue of shares	–	1	–	–	–	–	–	–	1
Own shares acquired	–	–	–	(4)	–	–	–	–	(4)
Equity-settled share-based payment transactions	–	–	–	3	3	–	–	5	11
Dividends	2	127	–	–	–	–	–	(327)	(198)
Total transactions with owners of the Company	2	128	–	(1)	3	–	–	(322)	(190)
Balance at 31 December 2023	123	3,577	114	(2)	28	7	169	6,888	10,904

CONDENSED GROUP CASH FLOW STATEMENT

For the six months ended 30 June 2024

	Notes	**Half year to 30 June 2024 (unaudited) £m**	Half year to 30 June 2023 (unaudited) £m	Year to 31 December 2023 (audited) £m
Cash flows from operating activities	15	**203**	254	584
Interest received		**43**	15	37
Dividends received		**6**	3	38
Interest paid		**(108)**	(79)	(199)
Cost of entering into and closing out interest rate derivatives		**(5)**	(1)	(4)
Cost of early close out of debt		**–**	–	(1)
Tax received/(paid)		**2**	(4)	(24)
Net cash received from operating activities		**141**	188	431
Cash flows from investing activities				
Purchase and development of investment properties		**(462)**	(580)	(839)
Sale of investment properties		**251**	41	352
Acquisition of other interests in property		**(1)**	–	(3)
Refunds from other interest in property		**9**	–	–
Purchase of plant and equipment and intangibles		**(9)**	(8)	(29)
Acquisition of other investments		**(1)**	(1)	(2)
Investment and loans to joint ventures and associates		**(3)**	(6)	(12)
Divestment and repayment of loans from joint ventures and associates		**–**	7	7
Net cash used in investing activities		**(216)**	(547)	(526)
Cash flows from financing activities				
Dividends paid to ordinary shareholders		**(129)**	(113)	(185)
Proceeds from borrowings	15	**5**	710	961
Repayment of borrowings	15	**(512)**	(277)	(444)
Principal element of lease payments		**(2)**	(1)	(2)
Settlement of foreign exchange derivatives		**(3)**	(2)	(2)
Purchase of non-controlling interest		**–**	(15)	(16)
Proceeds from issue of ordinary shares	14	**889**	1	1
Purchase of ordinary shares		**(3)**	(3)	(4)
Net cash generated from financing activities		**245**	300	309
Net increase/(decrease) in cash and cash equivalents		**170**	(59)	214
Cash and cash equivalents at the beginning of the period		**376**	162	162
Effect of foreign exchange rate changes		**–**	–	–
Cash and cash equivalents at the end of the period	13	**546**	103	376

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed set of financial statements for the six months ended 30 June 2024 were approved by the Board of Directors on 25 July 2024.

The condensed set of financial statements for the six months ended 30 June 2024 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 2023 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 as discussed further in the Financial Review section, the Directors have a reasonable expectation that the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the condensed set of financial statements. At 30 June 2024 the Group held cash and available committed facilities, excluding tenant deposits of £1.9 billion with a long-dated debt maturity profile. This provides significant liquidity to meet the Group's operational requirements and capital commitments for the foreseeable future. The financial covenants have been stress tested and substantial headroom exists against the gearing and interest cover covenants at 30 June 2024 and the covenants are not expected to be breached for a period of at least 12 months from the date of approval of the condensed financial statements.

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 2024:

- Amendment to IAS 1 – Non-current liabilities with covenants
- Amendment to IAS 7 and IFRS 7 – Supplier finance
- Amendment to IFRS 16 – Leases on sale and leaseback

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 principal exchange rates used to translate foreign currency denominated amounts are:
Balance sheet: £1 = €1.18 (30 June 2023: £1 = €1.16; 31 December 2023: £1 = €1.15)
Income statement: £1 = €1.17 (30 June 2023: £1 = €1.14; 31 December 2023: £1 = €1.15)

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.

For the half year to 30 June 2024 an impairment loss of £1 million (31 December 2023: £28 million; 30 June 2023: £nil) on a loan due from an associate has been recognised. The impairment of the loan is directly related to a wider property transaction entered into by the Group and has arisen due to a fair value deficit on land held by an associate. As the nature of the impairment does not reflect the underlying performance of the business this has been treated as a Company specific adjustment.

In the year ended 31 December 2023 the impact of the SELP performance fee of £42 million was excluded from the calculation of Adjusted profit and treated as a Company specific adjustment. No SELP performance fee was recognised in the half year to 30 June 2024 and 30 June 2023 and no adjustment is required for these periods. See footnote 3 below and Note 6(ii) for further details.

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

	Notes	**Half year to 30 June 2024 £m**	Half year to 30 June 2023 £m	Year to 31 December 2023 £m
Gross rental income	4	**283**	266	547
Property operating expenses	5	**(43)**	(42)	(85)
Net rental income		**240**	224	462
Joint venture management fee income	4	**14**	16	29
Management and development fee income	4	**5**	3	4
Net service charge and other income[2]		**–**	–	1
Administrative expenses		**(35)**	(33)	(63)
Share of joint ventures and associates' adjusted profit after tax[1]	6	**41**	40	82
Adjusted operating profit before interest and tax		**265**	250	515
Net finance costs (including adjustments)	8	**(38)**	(52)	(106)
Adjusted profit before tax		**227**	198	409
Adjustments to reconcile to IFRS:				
Adjustments to the share of profit/loss from joint ventures and associates after tax[1]	6	**(40)**	(68)	(158)
Realised and unrealised property gains and losses	7	**53**	(188)	(601)
Profit on sale of trading properties	7	**–**	2	3
Cost of early close out of debt	8	**–**	–	(1)
Net fair value (loss)/gain on interest rate swaps and other derivatives	8	**(4)**	23	24
Joint venture performance fee income[3]	4	**–**	–	89
Impairment of loan due from associate		**(1)**	–	(28)
Total adjustments		**8**	(231)	(672)
Profit/(loss) before tax		**235**	(33)	(263)
Tax				
On Adjusted profit	9	**(5)**	(5)	(10)
In respect of adjustments	9	**(10)**	15	20
Total tax adjustments		**(15)**	10	10
Profit/(loss) after tax		**220**	(23)	(253)
Of which:				
Adjusted profit after tax		**222**	193	399
Total adjustments after tax		**(2)**	(216)	(652)

1. A detailed breakdown of the adjustments to the share of profit/loss from joint ventures and associates is included in Note 6.
2. Net service charge and other income of £nil (31 December 2023: £1 million; 30 June 2023: £nil) is calculated as Service charge and other income of £25 million (31 December 2023: £45 million; 30 June 2023: £23 million) shown in Note 4, less Service charge and other expenses of £25 million (31 December 2023: £44 million; 30 June 2023: £23 million) shown in Note 5.
3. Total impact of the joint venture performance fee from SELP for the year ended 31 December 2023 being: Performance fee of £89 million within Joint venture fee income; cost of £37 million within Share of joint ventures' and associates adjusted profit after tax (being the share of performance fee cost of £45 million less a tax credit of £8 million) and a tax charge of £10 million recognised in respect of the performance fee income. Overall, the net profit after tax impact was £42 million. There was no performance fee recognised in the periods ended 30 June 2024 and 30 June 2023.

3. SEGMENTAL ANALYSIS

As a result of the organisational structure which has been developed over the last year there has been a change in the Group's reportable segments. As detailed in the Annual Report for the year ended 31 December 2023, the new organisational structure has consolidated the six regional business units into two property businesses, each under a separate Managing Director: United Kingdom (UK) and Continental Europe (CE).

In 2024, the two property businesses are now managed, and their operating results reported to the Executive Directors ('chief operating decision maker', 'CODM') as separate and distinct businesses. Prior to 2024, operating results were reported to the Executive Directors at the business unit level. Given the change in the level at which results are reported to the CODM the operating segments under IFRS 8 have changed from the six regional business units previously reported to the two property businesses, UK and CE. The comparative periods have been represented to reflect the new segments.

	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 2024			
UK	**209**	**194**	**–**	**192**	**11,244**	**28**	**176**
CE	**74**	**53**	**57**	**123**	**3,814**	**2,615**	**255**
Other[1]	**–**	**(7)**	**(16)**	**(50)**	**–**	**(1,051)[4]**	**9**
Total	**283**	**240**	**41**	**265**	**15,058**	**1,592**	**440**
				30 June 2023			
UK	197	182	–	182	11,496	15	432
CE	69	49	54	115	3,740	2,687	188
Other[1]	–	(7)	(14)	(47)	–	(1,004)[4]	8
Total	266	224	40	250	15,236	1,698	628
				31 December 2023			
UK	407	375	–	372	11,160	20	598
CE	140	102	119	242	3,757	2,697	366
Other[1]	–	(15)	(37)	(99)	–	(1,081)[4]	29
Total	547	462	82	515	14,917	1,636	993

1. 'Other' category includes the corporate centre, SELP holding companies and costs relating to the operational business which are not specifically allocated to the two property businesses.
2. A reconciliation of total Adjusted PBIT to the IFRS 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 and letting fees. 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.

4. REVENUE

	Half year to 30 June 2024 £m	Half year to 30 June 2023 £m	Year to 31 December 2023 £m
Rental income from investment and trading properties	**277**	260	536
Rent averaging	**3**	6	10
Surrender premiums	**3**	–	1
Gross rental income[1]	**283**	266	547
Joint venture fees – management fees*	**14**	16	29
– performance fees*[2]	**–**	–	89
Joint venture fee income	**14**	16	118
Management and development fee income*	**5**	3	4
Service charge and other income*[3]	**25**	23	45
Proceeds from sale of trading properties*	**–**	34	35
Total revenue	**327**	342	749

* The above income streams are recognised under IFRS 15 Revenue from Contracts with Customers and total £44 million (31 December 2023: £202 million; 30 June 2023: £76 million).

1. Net rental income of £240 million (31 December 2023: £462 million; 30 June 2023: £224 million) is calculated as gross rental income of £283 million (31 December 2023: £547 million; 30 June 2023: £266 million) less total property operating expenses of £43 million (31 December 2023: £85 million; 30 June 2023: £42 million) shown in Note 5.

2. See Note 6(ii) for further details on the performance fee from SELP.

3. Other income includes income from solar energy sold to national grids or direct to occupiers.

5. COSTS

	Half year to 30 June 2024 £m	Half year to 30 June 2023[3] £m	Year to 31 December 2023[3] £m
Vacant property costs	**7**	7	14
Letting, marketing, legal and professional fees	**8**	7	15
Loss allowance and impairment of receivables	**–**	1	3
Other expenses[3]	**5**	5	9
Property management expenses	**20**	20	41
Property administrative expenses[1,3]	**28**	28	56
Costs capitalised[2]	**(5)**	(6)	(12)
Total property operating expenses	**43**	42	85
Service charge and other expenses[4]	**25**	23	44
Trading properties cost of sales	**–**	32	32
Total costs	**68**	97	161

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.

3. Certain expenses that were previously classified as Other expenses within Property management expenses have been reclassified to Property administrative expenses in the table above. These expenses which are mainly staff related have been reclassified as their function are more closely aligned with administrative rather than management activities. The prior period comparatives in the table above have been represented to reflect this change and £3 million of expenses reclassified from Other expenses to Property administrative expenses for period ended 30 June 2023 and £7 million for the year ended 31 December 2023.

4. Other expenses includes expenses relating to the provision of solar energy.

6. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

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

	Half year to 30 June 2024 £m	Half year to 30 June 2023 £m	Year to 31 December 2023 £m
Revenue[1]	**190**	171	347
Gross rental income	**139**	132	267
Property operating expenses:			
-underlying property operating expenses	**(7)**	(7)	(16)
-vacant property costs	**(1)**	(1)	(1)
-property management fees[2]	**(12)**	(12)	(24)
Net rental income	**119**	112	226
Management fee income	**2**	2	4
Administrative expenses	**(2)**	(2)	(5)
Net finance costs (including adjustments)	**(24)**	(20)	(40)
Adjusted profit before tax	**95**	92	185
Tax	**(13)**	(11)	(22)
Adjusted profit after tax	**82**	81	163
At share	***41***	*40*	*82*
Adjustments:			
Valuation deficit on investment properties	**(93)**	(156)	(325)
Performance fees[3]	**–**	–	(89)
Tax in respect of adjustments	**12**	19	98
Total adjustments	**(81)**	(137)	(316)
At share	***(40)***	*(68)*	*(158)*
Profit/(loss) after tax	**1**	(56)	(153)
At share	***1***	*(28)*	*(76)*
Total comprehensive income/(expense) for the period	**1**	(56)	(153)
At share	***1***	*(28)*	*(76)*

1. Total revenue of £190 million (31 December 2023: £347 million; 30 June 2023: £171 million) includes: Gross rental income £139 million (31 December 2023: £267 million; 30 June 2023: £132 million); service charge income £49 million (31 December 2023: £76 million; 30 June 2023: £37 million); and management fee income of £2 million (31 December 2023: £4 million; 30 June 2023: £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. See Fees section below for further details.

The Group has not recognised cumulative losses totalling £14 million at share (31 December 2023: £14 million; 30 June 2023: £12 million) 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 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Investment properties	**5,655**	5,857	5,830
Property, plant and equipment	**16**	9	12
Other receivables	**2**	2	2
Total non-current assets	**5,673**	5,868	5,844
Trade and other receivables	**68**	72	62
Cash and cash equivalents	**58**	79	56
Total current assets	**126**	151	118
Total assets	**5,799**	6,019	5,962
Borrowings	**(2,068)**	(1,979)	(2,143)
Deferred tax liabilities	**(364)**	(454)	(381)
Other liabilities	**(32)**	(33)	(34)
Total non-current liabilities	**(2,464)**	(2,466)	(2,558)
Trade and other liabilities	**(178)**	(183)	(159)
Total current liabilities	**(178)**	(183)	(159)
Total liabilities	**(2,642)**	(2,649)	(2,717)
Unrecognised share of losses	**28**	25	28
Net assets	**3,185**	3,395	3,273
At share	***1,592***	*1,698*	*1,636*

Fees

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

Performance fees may also be payable from SELP to SEGRO based on its IRR subject to certain hurdle rates over the performance period. The current performance period commenced in October 2023 and is over a circa three-year and circa six-year period. The first performance period and potential payment due ends in June 2026, but 50 per cent of any payment is subject to clawback based on performance over the six-year period to June 2029. If the IRR increases by June 2029 relative to June 2026, additional fees might be triggered.

With it being relatively early in the first performance period ending in June 2026 and based on the IRR calculation at 30 June 2024 no fee has been recognised in the period as the recognition criteria under IFRS 15 has not been met. The performance fee is not considered to be a significant area of estimation uncertainty at this point.

In the year ended 31 December 2023, the ten-year performance fee period from inception of SELP in October 2013 to October 2023 ended. As a result, SEGRO recognised a performance fee income of £89 million (€103 million) in its 31 December 2023 Income Statement. An equivalent performance fee expense at share of £45 million was recognised within the share of profit from joint ventures and associates and shown in Note 6(i). No performance fee was recognised in period ended 30 June 2023 as the recognition criteria under IFRS 15 was not considered to have been met.

7. REALISED AND UNREALISED PROPERTY GAINS AND LOSSES

	Half year to 30 June 2024 £m	Half year to 30 June 2023 £m	Year to 31 December 2023 £m
Profit on sale of investment properties and other investment income[1]	**50**	9	46
Valuation surplus/(deficit) on investment properties[2]	**3**	(197)	(647)
Total realised and unrealised property gains and losses	**53**	(188)	(601)

1. Includes profit on sale of investment properties of £50 million (31 December 2023: £39 million; 30 June 2023: £3 million) and other property related investment income of £nil (31 December 2023: £7 million; 30 June 2023: £6 million).
2. Includes £4 million valuation gain on investment properties (31 December 2023: £646 million deficit; 30 June 2023: £197 million deficit) less £1 million valuation deficit on head lease ROU asset (31 December 2023: £1 million deficit; 30 June 2023: £nil).

The above table does not include realised gains on sale of trading properties of £nil (31 December 2023: £3 million; 30 June 2023: £2 million) as detailed further in Note 2.

The total valuation deficit on investment and trading properties is £43 million (31 December 2023: £809 million; 30 June 2023: £275 million). This comprises £3 million surplus from investment properties (31 December 2023: £647 million deficit; 30 June 2023: £197 million deficit) and £46 million deficit from joint ventures and associates at share (31 December 2023: £162 million; 30 June 2023: £78 million).

The total property gain on investment and trading properties is £7 million (31 December 2023: £760 million loss; 30 June 2023: £264 million loss). This comprises the total valuation deficit on investment properties and trading properties of £43 million (31 December 2023: £809 million; 30 June 2023: £275 million), plus £50 million profit on sale of investment properties and other investment income (31 December 2023: £46 million; 30 June 2023: £9 million) and £nil profit on sale of trading property (31 December 2023: £3 million; 30 June 2023: £2 million).

Valuation movements are discussed further in the Portfolio Update section above.

8. NET FINANCE COSTS

Finance income	**Half year to 30 June 2024 £m**	Half year to 30 June 2023 £m	Year to 31 December 2023 £m
Interest received on bank deposits and related derivatives	**34**	13	25
Fair value gain on interest rate swaps and other derivatives	**9**	25	59
Total finance income	**43**	38	84
Finance costs			
Interest on overdrafts, loans and related derivatives	**(99)**	(86)	(184)
Cost of early close out of debt	**–**	–	(1)
Amortisation of issue costs	**(5)**	(4)	(8)
Interest on lease liabilities	**(1)**	(2)	(3)
Total borrowing costs	**(105)**	(92)	(196)
Less amount capitalised on the development of properties	**33**	27	64
Net borrowing costs	**(72)**	(65)	(132)
Fair value loss on interest rate swaps and other derivatives	**(13)**	(2)	(35)
Total finance costs	**(85)**	(67)	(167)
Net finance costs	**(42)**	(29)	(83)

Net finance costs (including adjustments) in Adjusted profit (see Note 2) are £38 million (31 December 2023: £106 million; 30 June 2023: £52 million). This excludes net fair value loss on interest rate swaps and other derivatives of £4 million (31 December 2023: gain of £24 million; 30 June 2023: gain of £23 million) and the cost of early close out debt of £nil (31 December 2023: £1 million; 30 June 2023: £nil) in the table above.

9. TAX

9(i) Tax on profit/(loss)

	Half year to 30 June 2024 £m	Half year to 30 June 2023 £m	Year to 31 December 2023 £m
Tax:			
On Adjusted profit	**(5)**	(5)	(10)
In respect of adjustments	**(10)**	15	20
Total tax (charge)/credit	**(15)**	10	10
Current tax			
Current tax charge	**(27)**	(8)	(20)
Total current tax charge	**(27)**	(8)	(20)
Deferred tax			
Origination and reversal of temporary differences	**(6)**	(7)	(10)
Released in respect of property disposals in the period	**5**	(1)	5
On valuation movements	**13**	26	33
Total deferred tax in respect of investment properties	**12**	18	28
Other deferred tax	**–**	–	2
Total deferred tax credit	**12**	18	30
Total tax (charge)/credit on profit/(loss) on ordinary activities	**(15)**	10	10

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.

Pillar Two legislation was effective from 1 January 2024. Management have engaged tax specialists to assist with applying the legislation and assessing the impact. Management interpretation of the legislation is the Group is excluded from the rules primarily due to its REIT status.

9(ii) Deferred tax liabilities

Movement in deferred tax was as follows:

	Balance 1 January 2024 £m	**Exchange movement £m**	**Acquisitions/ (disposals) £m**	**Recognised in income £m**	**Balance 30 June 2024 £m**	Balance 30 June 2023 £m
Valuation surplus and deficits on properties/accelerated tax allowances	**178**	**(4)**	**–**	**(12)**	**162**	186
Others	**14**	**(1)**	**–**	**–**	**13**	17
Total deferred tax liabilities	**192**	**(5)**	**–**	**(12)**	**175**	203

10. DIVIDENDS

	Half year to 30 June 2024 £m	Half year to 30 June 2023 £m	Year to 31 December 2023 £m
Ordinary dividends paid			
Final dividend for 2023 @ 19.1 pence per share	**256**	–	–
Interim dividend for 2023 @ 8.7 pence per share	**–**	–	107
Final dividend for 2022 @ 18.2 pence per share	**–**	220	220
	256	220	327

The Board has declared an interim dividend of 9.1 pence per ordinary share (2023: 8.7 pence). This dividend has not been recognised in the condensed financial statements.

The total dividend in the period of £256 million (31 December 2023: £327 million; 30 June 2023: £220 million) was settled: £111 million in scrip dividends (31 December 2023: £129 million; 30 June 2023: £107 million), £129 million as cash (31 December 2023: £185 million; 30 June 2023: £113 million) and £16 million included in the tax accrual relating to the PID in the period (31 December 2023: £13 million; 30 June 2023: £nil).

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 0.4 million shares (0.3 million for the full year 2023 and 0.2 million for half year 2023) being the average number of shares held on trust during the period for employee share schemes and net assets per share exclude 0.5 million shares (0.4 million for the full year 2023 and 0.3 million for the half year 2023) 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 2024			Half year to 30 June 2023			Year to 31 December 2023		
	Earnings £m	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic EPS	**220**	**1,305.1**	**16.9**	(23)	1,213.9	(1.9)	(253)	1,220.0	(20.7)
Dilution adjustments:									
Share and save as you earn schemes	**–**	**2.9**	**(0.1)**	–	–	–	–	–	–
Diluted EPS[2]	**220**	**1,308.0**	**16.8**	(23)	1,213.9	(1.9)	(253)	1,220.0	(20.7)
Basic EPS	**220**	**1,305.1**	**16.9**	(23)	1,213.9	(1.9)	(253)	1,220.0	(20.7)
Adjustments to profit before tax[1]	**(8)**		**(0.7)**	231		19.0	672		55.1
Tax in respect of Adjustments	**10**		**0.8**	(15)		(1.2)	(20)		(1.7)
Adjusted Basic EPS	**222**	**1,305.1**	**17.0**	193	1,213.9	15.9	399	1,220.0	32.7
Adjusted Diluted EPS	**222**	**1,308.0**	**17.0**	193	1,217.1	15.9	399	1,223.4	32.6

1. Details of adjustments are included in Note 2.

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

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 2024			As at 30 June 2023			As at 31 December 2023		
	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	**11,830**	**1,351.9**	**875**	11,203	1,224.4	915	10,904	1,227.2	889
Dilution adjustments:									
Share and save as you earn schemes	**–**	**2.2**	**(1)**	–	3.0	(2)	–	3.5	(3)
Diluted NAV	**11,830**	**1,354.1**	**874**	11,203	1,227.4	913	10,904	1,230.7	886
Fair value adjustment in respect of interest rate derivatives – Group	**104**		**8**	107		9	106		9
Fair value adjustment in respect of trading properties – Group	**1**		**–**	1		–	1		–
Deferred tax in respect of depreciation and valuation surpluses – Group[1]	**81**		**6**	94		7	89		7
Deferred tax in respect of depreciation and valuation surpluses – Joint ventures and associates[1]	**87**		**6**	112		9	92		7
Intangible assets	**(34)**		**(3)**	(17)		(1)	(30)		(2)
Adjusted NAV (EPRA NTA)	**12,069**	**1,354.1**	**891**	11,500	1,227.4	937	11,162	1,230.7	907

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 2024	**12,285**	**2,383**	**14,668**
Exchange movement	(74)	(21)	(95)
Property acquisitions	189	1	190
Additions to existing investment properties	23	218	241
Disposals[2]	(160)	(41)	(201)
Transfers on completion of development and completed properties taken back for redevelopment	369	(369)	–
Revaluation surplus/(deficit) during the period	62	(58)	4
At 30 June 2024	**12,694**	**2,113**	**14,807**
Add tenant lease incentives and letting fees	179	–	179
Investment properties excluding head lease liabilities at 30 June 2024	**12,873**	**2,113**	**14,986**
Add head lease liabilities (ROU assets)[1]	69	–	69
Total investment properties at 30 June 2024	**12,942**	**2,113**	**15,055**
Total investment properties at 30 June 2023	12,594	2,640	15,234

1. At 30 June 2024 investment properties included £69 million (31 December 2023: £71 million; 30 June 2023: £71 million) for the head lease liabilities (ROU assets) recognised under IFRS 16.

2. Total disposals completed in H1 2024 of £251 million shown in the Investment Update section includes: Carrying value of investment properties disposed by the Group of £201 million plus profit generated on disposal of £50 million (see Note 7).

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 surplus recognised during the period is discussed further in the Portfolio Update 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 per cent 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 per cent change in ERV and a +/- 10 per cent change in development costs to be reasonably possible changes to the assumptions.

		Impact on valuation of 25bp change in 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 2024							
Completed property	**15,629**	**(749)**	**825**	**573**	**(568)**	**–**	**–**
Development property and land	**2,188**	**(187)**	**200**	**295**	**(295)**	**(382)**	**382**
Group total property portfolio	**17,817**	**(936)**	**1,025**	**868**	**(863)**	**(382)**	**382**
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
31 December 2023							
Completed property	15,255	(742)	819	570	(563)	–	–
Development property and land	2,507	(210)	225	310	(310)	(385)	385
Group total property portfolio	17,762	(952)	1,044	880	(873)	(385)	385

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, for example 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 future development land which is currently income-generating ("covered land"). The carrying value of covered land held within Development properties is £636 million (31 December 2023: £645 million; 30 June 2023: £741 million).

At 30 June 2024 investment properties included £179 million tenant lease incentives and letting fees (31 December 2023: £175 million; 30 June 2023: £171 million).

The carrying value of investment properties situated on land held under leaseholds amount to £178 million (excluding head lease ROU assets) (31 December 2023: £186 million; 30 June 2023: £203 million).

The disposals of completed properties during the period includes properties with a carrying value of £nil (31 December 2023: £18 million; 30 June 2023: £nil) sold to the SELP joint venture.

12(ii) Trading properties

The carrying value of trading properties at 30 June 2024 was £3 million (31 December 2023: £3 million; 30 June 2023: £2 million). Based on the fair value at 30 June 2024, the portfolio has unrecognised surplus of £1 million (31 December 2023: £1 million; 30 June 2023: £1 million).

13. NET BORROWINGS AND FINANCIAL INSTRUMENTS

	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
In one year or less	**1**	82	1
In more than one year but less than two	**894**	1	168
In more than two years but less than five	**787**	1,958	2,057
In more than five years but less than ten	**1,695**	1,630	1,729
In more than ten years	**1,382**	1,560	1,393
In more than one year	**4,758**	5,149	5,347
Total borrowings	**4,759**	5,231	5,348
Cash and cash equivalents[1]	**(546)**	(103)	(376)
Net borrowings	**4,213**	5,128	4,972
Total borrowings is split between secured and unsecured as follows:			
Secured (on land and buildings)	**1**	1	1
Unsecured	**4,758**	5,230	5,347
Total borrowings	**4,759**	5,231	5,348
Currency profile of total borrowings after derivative instruments			
Sterling	**1,089**	1,402	1,836
Euros	**3,670**	3,829	3,512
Total borrowings	**4,759**	5,231	5,348
Maturity profile of undrawn borrowing facilities			
In one year or less	**144**	147	148
In more than one year but less than two	**–**	–	–
In more than two years	**1,403**	1,366	1,212
Total available undrawn facilities[2]	**1,547**	1,513	1,360
Fair value of financial instruments			
Book value of debt	**4,759**	5,231	5,348
Interest rate derivatives	**104**	107	106
Foreign exchange derivatives	**(17)**	(12)	(12)
Book value of debt including derivatives	**4,846**	5,326	5,442
Net fair market value	**4,429**	4,656	5,085
Mark to market adjustment (pre-tax)	**(417)**	(670)	(357)

1. Cash and cash equivalents also include tenant deposits held in separate designated bank accounts of £64 million (31 December 2023: £61 million; 30 June 2023: £59 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.

2. Total available undrawn facilities include committed facilities of £1,403 million (31 December 2023: £1,212 million; 30 June 2023: £1,366 million) and uncommitted facilities of £144 million (31 December 2023: £148 million; 30 June 2023: £147 million).

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

14. SHARE CAPITAL

	Number of shares m	Par value of shares £m
Issued and fully paid ordinary shares at 10p each:		
At 1 January 2024	**1,228**	**123**
Issue of shares – placing	**111**	**11**
Issue of shares – scrip dividends and other movements	**13**	**1**
At 30 June 2024	**1,352**	**135**
At 30 June 2023	1,225	122

On 27 February 2024 the Company announced the placing of 111 million ordinary shares of 10p each in the capital of the Company at a price of 820 pence per share. The Company raised £907 million, before £18 million expenses resulting in cash proceeds of £889 million. Consequently the Company's share capital increased by £11 million and share premium by £878 million.

15. NOTES TO THE CONDENSED GROUP CASH FLOW STATEMENTS

15(i) Reconciliation of cash generated from operations

	Half year to 30 June 2024 £m	Half year to 30 June 2023 £m	Year to 31 December 2023 £m
Operating profit/(loss)	**277**	(4)	(180)
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of intangibles	**5**	3	6
Share of (profit)/loss from joint ventures and associates after tax	**(1)**	28	76
Profit on sale of investment properties	**(50)**	(3)	(39)
Revaluation (surplus)/deficit on investment properties	**(3)**	197	647
Other provisions	**1**	7	8
Increase in impairment of loan held with associate	**1**	–	28
	230	228	546
Changes in working capital:			
Decrease in trading properties	**–**	32	33
Increase in debtors and tenant incentives	**(12)**	(14)	(22)
(Decrease)/increase in creditors	**(15)**	8	27
Net cash inflow generated from operations	**203**	254	584

15(ii) Analysis of net debt

	At 1 January 2024 £m	Cash inflow[1] £m	Cash Outflow[2] £m	Non-cash movements: Exchange movement £m	Non-cash movements: Other non-cash adjustments[3] £m	**At 30 June 2024 £m**
Bank loans and loan capital	5,387	5	(512)	(86)	–	**4,794**
Capitalised finance costs	(39)	–	(1)	–	5	**(35)**
Total borrowings	5,348	5	(513)	(86)	5	**4,759**
Cash in hand and at bank	(376)	(170)	–	–	–	**(546)**
Net debt	**4,972**	**(165)**	**(513)**	**(86)**	**5**	**4,213**

1. Proceeds from borrowings of £5 million.

2. Cash outflow of £513 million, comprises the repayment of borrowings of £512 million and capitalised costs of £1 million.

3. Total other non-cash adjustments of £5 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

On 18 July 2024 the SELP joint venture disposed of a portfolio of four logistics warehouses in Italy. The total cash consideration for the disposal received by SELP was €327 million (at 100%).

SUPPLEMENTARY NOTES NOT PART OF CONDENSED FINANCIAL INFORMATION

TABLE 1: EPRA PERFORMANCE MEASURES SUMMARY

		Half year to 30 June 2024		Half year to 30 June 2023		Year to 31 December 2023	
	Notes	**£m**	**Pence per share**	£m	Pence per share	£m	Pence per share
EPRA Earnings	Table 4	**221**	**16.9**	193	15.9	413	33.9
EPRA NTA (Adjusted NAV)	Table 5	**12,069**	**891**	11,500	937	11,162	907
EPRA NRV	Table 5	**13,248**	**978**	12,669	1,032	12,317	1,001
EPRA NDV	Table 5	**12,293**	**908**	11,983	976	11,310	919
EPRA LTV	Table 6		**32.0%**		36.1%		36.9%
EPRA net initial yield	Table 7		**4.1%**		3.8%		4.0%
EPRA 'topped up' net initial yield	Table 7		**4.4%**		4.2%		4.3%
EPRA vacancy rate	Table 8		**5.4%**		4.5%		5.0%
EPRA cost ratio (including vacant property costs)	Table 9		**20.4%**		20.4%		24.0%
EPRA cost ratio (excluding vacant property costs)	Table 9		**18.3%**		18.2%		21.9%

TABLE 2: INCOME STATEMENT, PROPORTIONALLY CONSOLIDATED

		Half year to 30 June 2024			Half year to 30 June 2023			Year to 31 December 2023		
	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	**283**	**70**	**353**	266	66	332	547	134	681
Property operating expenses	2, 6	**(43)**	**(4)**	**(47)**	(42)	(4)	(46)	(85)	(9)	(94)
Net rental income		**240**	**66**	**306**	224	62	286	462	125	587
Joint venture management fee income[1]	2	**14**	**(6)**	**8**	16	(6)	10	29	(12)	17
Management and development fee income	2	**5**	**1**	**6**	3	1	4	4	2	6
Net service charge and other income	2	**–**	**–**	**–**	–	–	–	1	–	1
Administrative expenses	2	**(35)**	**(1)**	**(36)**	(33)	(1)	(34)	(63)	(2)	(65)
Adjusted operating profit before interest and tax		**224**	**60**	**284**	210	56	266	433	113	546
Net finance costs (including adjustments)	2, 6	**(38)**	**(12)**	**(50)**	(52)	(10)	(62)	(106)	(20)	(126)
Adjusted profit before tax		**186**	**48**	**234**	158	46	204	327	93	420
Tax on adjusted profit	2, 6	**(5)**	**(7)**	**(12)**	(5)	(6)	(11)	(10)	(11)	(21)
Adjusted earnings after tax (A)		**181**	**41**	**222**	153	40	193	317	82	399
Number of shares, million				**1,305.1**			1,213.9			1,220.0
Adjusted EPS, pence per share				**17.0**			15.9			32.7
Number of shares, million				**1,308.0**			1,217.1			1,223.4
Adjusted EPS, pence per share – diluted				**17.0**			15.9			32.6
EPRA earnings										
Adjusted earnings after tax (A)		**181**	**41**	**222**	153	40	193	317	82	399
Joint venture performance fee income (net)	2	**–**	**–**	**–**	–	–	–	79	(37)	42
Impairment loss on loan due from associates	2	**(1)**	**–**	**(1)**	–	–	–	(28)	–	(28)
EPRA earnings after tax		**180**	**41**	**221**	153	40	193	368	45	413
Number of shares, million				**1,305.1**			1,213.9			1,220.0
EPRA, EPS, pence per share				**16.9**			15.9			33.9
Number of shares, million				**1,308.0**			1,217.1			1,223.4
EPRA, EPS, pence per share – diluted				**16.9**			15.9			33.8

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. Group net debt:EBITDA ratio as defined in the glossary was 8.5 times at 30 June 2024 (30 June 2023: 12.2 times; 31 December 2023: 10.4 times). Group net debt being £4,213 million (30 June 2023: £5,128 million; 31 December 2023: £4,972 million), per Note 13. Group EBITDA being £496 million for the 12 months to 30 June 2024 (12 months to 30 June 2023: £421 million; 12 months to 31 December 2023: £477 million) which takes Adjusted operating profit before interest and tax, less share of joint ventures and associates' adjusted profit, of £447 million (12 months to 30 June 2023: £409 million; 12 months to 31 December 2023: £433 million) shown in the table above, adding back depreciation and amortisation charges of £8 million (12 months to 30 June 2023: £5 million; 12 months to 31 December 2023: £6 million) and includes dividends received from joint ventures and associates of £41 million (12 months to 30 June 2023: £7 million; 12 months to 31 December 2023: £38 million).

TABLE 3: BALANCE SHEET, PROPORTIONAL CONSOLIDATION

		As at 30 June 2024			As at 30 June 2023			As at 31 December 2023		
	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	**15,055**	**2,827**	**17,882**	15,234	2,929	18,163	14,914	2,915	17,829
Trading properties	12, 6	**3**	**–**	**3**	2	–	2	3	–	3
Total properties		**15,058**	**2,827**	**17,885**	15,236	2,929	18,165	14,917	2,915	17,832
Investment in joint ventures and associates	6	**1,592**	**(1,592)**	**–**	1,698	(1,698)	–	1,636	(1,636)	–
Other net liabilities		**(607)**	**(230)**	**(837)**	(603)	(281)	(884)	(677)	(235)	(912)
Net borrowings	13,6	**(4,213)**	**(1,005)**	**(5,218)**	(5,128)	(950)	(6,078)	(4,972)	(1,044)	(6,016)
Total equity		**11,830**	**–**	**11,830**	11,203	–	11,203	10,904	–	10,904
EPRA adjustments	11			**239**			297			258
Adjusted NAV	11			**12,069**			11,500			11,162
Number of shares, million	11			**1,354.1**			1,227.4			1,230.7
Adjusted NAV pence per share	11			**891**			937			907

The portfolio valuation surplus of 0.0 per cent (£1 million) shown in the Portfolio Update 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's portfolio performance is measured. Based on the condensed financial statements there is a valuation deficit of £43 million (see Note 7) and property value of £17,817 million (see Table 7) giving a valuation deficit of 0.2 per cent. The primary differences are due to the portfolio valuation surplus of £1 million excluding the impact of rent free incentives (£8 million) and capitalised interest (£34 million).

TABLE 4: EPRA EARNINGS

	Notes	**Half year to 30 June 2024 £m**	Half year to 30 June 2023 £m	Year to 31 December 2023 £m
Equity shareholder earnings per IFRS income statement		**220**	(23)	(253)
Adjustments to calculate EPRA Earnings, exclude:				
Valuation surplus/(deficit) on investment properties	7	**(3)**	197	647
Profit on sale of investment properties and other investment income	7	**(50)**	(9)	(46)
Profit on sale of trading properties	7	**–**	(2)	(3)
Tax on profits on disposals[1]		**23**	3	(1)
Cost of early close out of debt	8	**–**	–	1
Net fair value loss/(gain) on interest rate swaps and other derivatives	8	**4**	(23)	(24)
Deferred tax in respect of EPRA adjustments[1]		**(13)**	(18)	(29)
Adjustments to the share of profit/loss from joint ventures and associates after tax[3]		**40**	68	121
EPRA earnings		**221**	193	413
Basic number of shares, million	11	**1,305.1**	1,213.9	1,220.0
EPRA Earnings per Share (EPS) (pence)		**16.9**	15.9	33.9
Company specific adjustment:				
Joint venture performance fee income (net after tax)[2]	2	**–**	–	(42)
Impairment loss on loan due from associate[2]	2	**1**	–	28
Adjusted earnings		**222**	193	399
Adjusted EPS (pence)		**17.0**	15.9	32.7

1. Total tax charge in respect of adjustments per Note 2 of £10 million (H1 2023: £15 million credit, FY 2023: £20 million credit) comprises tax charge on profits on disposals of £23 million (H1 2023: £3 million charge, FY 2023: £1 million credit), deferred tax credit of £13 million (H1 2023: £18 million credit, FY 2023: £29 million credit) and tax charge on joint venture performance fee income of £nil (H1 2023: £nil, FY 2023: £10 million charge). The tax charge on joint venture performance fee income for FY 2023 is included within the Company specific adjustment in the table above.
2. See Note 2 for further details on the Company specific adjustments to exclude the net impact of joint venture performance fees and impairment of loan from associate from Adjusted earnings.
3. Adjustments to the share of loss from joint ventures and associates after tax above of £121 million for FY 2023 includes the impact of the performance fee expense of £45 million and an associated tax credit of £8 million which are shown as a Company specific adjustment in the table above within 'Joint venture performance fee income (net after tax)'. The Adjustments to share of loss from joint ventures and associates per Note 6(i) of £158 million excludes the impact of the performance fee.

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.

	EPRA measures		
As at 30 June 2024	EPRA NTA (Adjusted NAV) £m	EPRA NRV £m	EPRA NDV £m
Equity attributable to ordinary shareholders	11,830	11,830	11,830
Fair value adjustment in respect of interest rate derivatives – Group	104	104	–
Fair value adjustment in respect of trading properties – Group	1	1	1
Deferred tax in respect of depreciation and valuation surpluses – Group[1]	81	162	–
Deferred tax in respect of depreciation and valuation surpluses – Joint ventures and associates[1]	87	174	–
Intangible assets	(34)	–	–
Fair value adjustment in respect of debt – Group	–	–	417
Fair value adjustment in respect of debt – Joint ventures and associates	–	–	45
Real estate transfer tax[2]	–	977	–
Net assets	12,069	13,248	12,293
Diluted shares (million)	1,354.1	1,354.1	1,354.1
Diluted net assets per share	891	978	908

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 (primarily "Real estate transfer tax"). Purchasers' costs are added back when calculating EPRA NRV.

	EPRA measures		
As at 30 June 2023	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 (primarily "Real estate transfer tax"). Purchasers' costs are added back when calculating EPRA NRV.

As at 31 December 2023	EPRA measures EPRA NTA (Adjusted NAV) £m	EPRA NRV £m	EPRA NDV £m
Equity attributable to ordinary shareholders	10,904	10,904	10,904
Fair value adjustment in respect of interest rate derivatives – Group	106	106	–
Fair value adjustment in respect of trading properties – Group	1	1	1
Deferred tax in respect of depreciation and valuation surpluses – Group[1]	89	178	–
Deferred tax in respect of depreciation and valuation surpluses – Joint ventures and associates[1]	92	184	–
Intangible assets	(30)	–	–
Fair value adjustment in respect of debt – Group	–	–	357
Fair value adjustment in respect of debt – Joint ventures and associates	–	–	48
Real estate transfer tax[2]	–	944	–
Net assets	11,162	12,317	11,310
Diluted shares (million)	1,230.7	1,230.7	1,230.7
Diluted net assets per share	907	1,001	919

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 (primarily "Real estate transfer tax"). Purchasers' costs are added back when calculating EPRA NRV.

TABLE 6: EPRA LTV, PROPORTIONAL CONSOLIDATION

		As at 30 June 2024			As at 30 June 2023			As at 31 December 2023		
	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]		**2,096**	**86**	**2,182**	2,468	27	2,495	2,652	100	2,752
Bonds[1,2]		**2,698**	**953**	**3,651**	2,805	970	3,775	2,735	978	3,713
Exclude:										
Cash and cash equivalents	13	**(546)**	**(29)**	**(575)**	(103)	(40)	(143)	(376)	(28)	(404)
Net Debt (a)		**4,248**	**1,010**	**5,258**	5,170	957	6,127	5,011	1,050	6,061
Foreign currency derivatives	13	**(17)**	**–**	**(17)**	(12)	–	(12)	(12)	–	(12)
Net payables[3]		**434**	**71**	**505**	378	72	450	485	64	549
EPRA Net Debt (b)		**4,665**	**1,081**	**5,746**	5,536	1,029	6,565	5,484	1,114	6,598
Investment properties at fair value (excluding head lease ROU asset)	12	**14,986**	**2,827**	**17,813**	15,163	2,929	18,092	14,843	2,915	17,758
Trading properties	12	**3**	**–**	**3**	2	–	2	3	–	3
Total Property Value (c)		**14,989**	**2,827**	**17,816**	15,165	2,929	18,094	14,846	2,915	17,761
Head lease ROU asset	12	**69**	**–**	**69**	71	–	71	71	–	71
Unrecognised valuation surplus on trading properties	12	**1**	**–**	**1**	1	–	1	1	–	1
Other interest in property		**14**	**–**	**14**	23	–	23	26	–	26
Intangibles		**34**	**–**	**34**	17	–	17	30	–	30
EPRA Total Property Value (d)		**15,107**	**2,827**	**17,934**	15,277	2,929	18,206	14,974	2,915	17,889
LTV (a/c)		**28.3%**		**29.5%**	34.1%		33.9%	33.8%		34.1%
EPRA LTV (b/d)		**30.9%**		**32.0%**	36.2%		36.1%	36.6%		36.9%

1. Total borrowings as at 30 June 2024 per Note 13 of £4,759 million (30 June 2023: £5,231 million; 31 December 2023: £5,348 million) consists of: Nominal value of borrowings from financial institutions of £2,096 million (30 June 2023: £2,468 million; 31 December 2023: £2,652 million) less unamortised finance costs of £12 million (30 June 2023: £14 million; 31 December 2023: £13 million) and nominal value of bond loans of £2,698 million (30 June 2023: £2,805 million; 31 December 2023: £2,735 million) less unamortised finance costs of £23 million (30 June 2023: £28 million; 31 December 2023: £26 million).

2. JV and associates borrowings as at 30 June 2024 per Note 6 of £1,034 million at share (30 June 2023: £990 million; 31 December 2023: £1,072 million) consists of: Nominal value of borrowings from financial institutions of £86 million (30 June 2023: £27 million; 31 December 2023: £100 million) less unamortised finance costs of £1 million (30 June 2023: £1 million; 31 December 2023: £1 million) and nominal value of bond loans of £953 million (30 June 2023: £970 million; 31 December 2023: £978 million) less unamortised finance costs of £4 million (30 June 2023: £6 million; 31 December 2023: £5 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.

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

Combined property portfolio including joint ventures and associates at share – 30 June 2024	Notes	UK £m	Continental Europe £m	Total £m
Total properties per financial statements	Table 3	**11,272**	**6,613**	**17,885**
Add valuation surplus not recognised on trading properties[1]	12	1	–	1
Less head lease ROU assets	12	–	(69)	(69)
Combined property portfolio per external valuers' report		**11,273**	**6,544**	**17,817**
Less development properties (investment, trading and joint venture and associates)		(1,344)	(844)	(2,188)
Net valuation of completed properties		**9,929**	**5,700**	**15,629**
Add notional purchasers' costs		675	302	977
Gross valuation of completed properties including notional purchasers' costs	A	**10,604**	**6,002**	**16,606**
Income				
Gross passing rents[2]		398	287	685
Less irrecoverable property costs		(2)	(11)	(13)
Net passing rents	B	**396**	**276**	**672**
Adjustment for notional rent in respect of rent frees		43	23	66
Topped up net rent	C	**439**	**299**	**738**
Including fixed/minimum uplifts[3]		9	–	9
Total topped up net rent		**448**	**299**	**747**

Yields – 30 June 2024		UK %	Continental Europe %	Total %
EPRA net initial yield[4]	B/A	**3.7**	**4.6**	**4.1**
EPRA topped up net initial yield[4]	C/A	**4.1**	**5.0**	**4.4**
Net true equivalent yield		**5.2**	**5.6**	**5.3**

1. Trading properties are recorded in the Condensed Financial Information 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 £20,645 million includes Combined property portfolio (including JV and associates at share) of £17,817 million plus 50 per cent of JV and associates properties not owned but under management of £2,828 million.

TABLE 8: EPRA VACANCY RATE

	Half year to 30 June 2024 £m	Half year to 30 June 2023 £m	Year to 31 December 2023 £m
Annualised potential rental value of vacant premises	**49**	38	44
Annualised potential rental value for the completed property portfolio	**911**	845	879
EPRA vacancy rate[1,2]	**5.4%**	4.5%	5.0%

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 2024 £m**	Half year to 30 June 2023 £m	Year to 31 December 2023 £m
Costs				
Property operating expenses[1]	5	**43**	42	85
Administrative expenses		**35**	33	63
Share of joint venture and associates' property operating and administrative expenses	6	**11**	11	23
Less:				
Joint venture and associates' property management fee income, management fees and other costs recovered through rents but not separately invoiced[2]		**(18)**	(19)	(36)
Total costs (A)		**71**	67	135
Gross rental income				
Gross rental income	4	**283**	266	547
Share of joint venture and associates gross rental income	6	**70**	66	134
Less:				
Other costs recovered through rents but not separately invoiced[2]		**(2)**	(1)	(3)
Total gross rental income (B)		**351**	331	678
Total cost ratio (A)/(B)[3]		**20.2%**	20.4%	19.9%
Total costs (A)		**71**	67	135
Share-based payments		**(4)**	(5)	(10)
Total costs after share based payments (C)		**67**	62	125
Total cost ratio after share based payments (C)/(B)[3]		**18.9%**	18.8%	18.4%

EPRA cost ratio				
Total costs (A)		**71**	67	135
Impairment loss on loan due from associates	2	**1**	–	28
EPRA total costs including vacant property costs (D)		**72**	67	163
Group vacant property costs	5	**(7)**	(7)	(14)
Share of joint venture and associates vacant property costs	6	**–**	–	(1)
EPRA total costs excluding vacant property costs (E)		**65**	60	148
Total gross rental income (B)		**351**	331	678
Total EPRA costs ratio (including vacant property costs) (D)/(B)[3]		**20.4%**	20.4%	24.0%
Total EPRA costs ratio (excluding vacant property costs) (E)/(B)[3]		**18.3%**	18.2%	21.9%

1. Property operating expenses are net of costs capitalised in accordance with IFRS of £5 million (H1 2023: £6 million; FY 2023: £12 million) (see Note 5 for further detail on the nature of costs capitalised).

2. Total deduction of £18 million (H1 2023: £19 million; FY 2023: £36 million) from costs includes: joint venture and associates management fees income of £14 million (H1 2023: £16 million; FY 2023: £29 million), management fees and other costs recovered through rents but not separately invoiced, including joint ventures and associates, of £4 million (H1 2023: £3 million; FY 2023: £7 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 £283 million (H1 2023: £266 million; FY 2023: £547 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.

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

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).

Earnings before interest, tax, depreciation and amortisation (EBITDA): Adjusted operating profit before interest and tax, adding back depreciation and amortisation charges, less share of joint ventures' and associates' adjusted profit and including dividends received.

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.

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. It assumes that rent is received annually in arrears.

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:EBITDA ratio: Net debt divided by EBITDA.

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.