

SEGRO

2021

FULL-YEAR
PROPERTY ANALYSIS
REPORT



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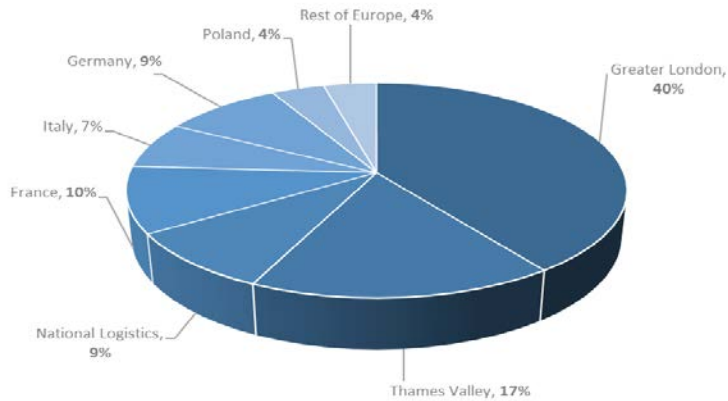
ABOUT SEGRO

SEGRO is a leading owner, asset manager and developer of modern warehousing and light industrial properties, with £21.3 billion of assets under management (£18.4 billion including SEGRO's share of joint ventures). The assets are principally concentrated in key conurbations and major distribution hubs in nine European countries.

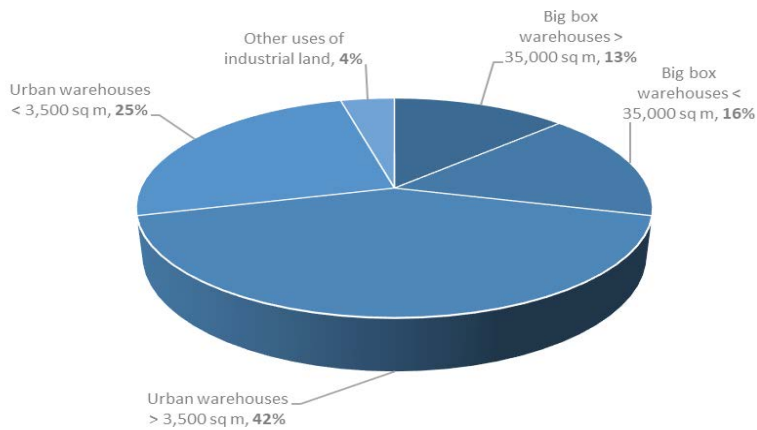
The Group serves customers spread across a diverse range of industry sectors. It has 9.6 million square metres of built space under management and annual rental income of £518 million at share.

OVERVIEW

Geographical split by value (SEGRO share)



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



THE BUILDINGS WE PROVIDE



BIG BOX WAREHOUSES

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



URBAN WAREHOUSES

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



OTHER USES OF INDUSTRIAL LAND

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

COMBINED PROPERTY PORTFOLIO AND YIELD RECONCILIATION AS AT 31 DECEMBER 2021

	UK £m	Continental Europe £m	Total £m
Combined property portfolio (including share of joint ventures)			
COMBINED PROPERTY PORTFOLIO PER FINANCIAL STATEMENTS	12,151	6,295	18,446
Add valuation surplus not recognised on trading properties and other items	-	1	1
Less capitalisation of leasehold obligations under IFRS 16	-	(70)	(70)
COMBINED PROPERTY PORTFOLIO PER EXTERNAL VALUERS' REPORTS	12,151	6,226	18,377
Less land and development properties (investment, trading and joint ventures)	(1,021)	(617)	(1,638)
NET VALUATION OF COMPLETED PROPERTIES	11,130	5,609	16,739
Add notional purchasers' costs	754	267	1,021
GROSS VALUE OF COMPLETED PROPERTIES INCLUDING NOTIONAL PURCHASERS' COSTS	11,884	5,876	17,760
	A		

Rental income	£m	£m	£m
Gross passing rent ¹	334	206	540
Less irrecoverable property costs	(4)	(8)	(12)
NET PASSING RENT	330	198	528
	B		
Adjustment for notional rent in respect of rent free periods	33	28	61
TOPPED UP NET RENT	363	226	589
	C		
Including future fixed/minimum uplifts ³	10	-	10
TOTAL TOPPED UP NET RENT	373	226	599

Yields		%	%	%
EPRA net initial yield ²	B/A	2.8	3.4	3.0
EPRA topped up net initial yield ²	C/A	3.1	3.8	3.3
Net true equivalent yield		3.7	4.0	3.8

Exchange Rate £1:€1.19

¹ Gross passing rent excludes short term lettings and licences.

² In accordance with the Best Practices Recommendations of EPRA.

³ Certain leases contain clauses which guarantee future rental increases, whereas most leases contain five yearly, upwards only rent review clauses (UK) or indexation clauses (Continental Europe). Further detail on page 13.

COMBINED PROPERTY PORTFOLIO AS AT 31 DECEMBER 2021

	Value at 31 December 2021 £m				Group	Valuation movement ¹ %
	UK	Valuation movement ¹ %	Continental Europe	Valuation movement ¹ %		
Analysis of unrealised valuation movements						
Properties held throughout the year	9,712	34.5	4,575	18.7	14,287	29.0
Properties acquired during the year	929	(0.1)	191	11.4	1,120	1.7
Development completed during the year	489	71.7	843	53.8	1,332	59.9
COMPLETED PROPERTIES	11,130	32.0	5,609	22.6	16,739	28.7
Buildings under construction	513	90.8	275	39.0	788	68.9
Land ²	508	4.4	342	10.7	850	6.8
WHOLE PORTFOLIO	12,151	32.2	6,226	22.5	18,377	28.8

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

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

Asset values by type and location, £m	London	Thames Valley	National Logistics	France	Italy	Spain	Poland	Czech Republic	Germany	Netherlands	Total
Big box warehouses > 35,000 sq m	194	-	581	238	659	102	198	-	250	-	2,222
Big box warehouses < 35,000 sq m	-	-	648	553	341	112	242	86	631	70	2,683
Urban warehouses > 3,500 sq m	3,821	1,257	-	783	95	82	185	4	642	94	6,963
Urban warehouses < 3,500 sq m	2,923	1,065	-	149	-	5	2	-	9	-	4,153
Other uses of industrial land ¹	67	556	18	28	22	20	4	-	-	3	718
COMPLETED SEGRO PROPERTIES (SEGRO SHARE)	7,005	2,878	1,247	1,751	1,117	321	631	90	1,532	167	16,739
COMPLETED PROPERTIES (AUM)	7,005	2,878	1,247	2,275	1,675	482	1,111	180	2,311	325	19,489

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

TOP 10 ASSETS

TOP 10 ESTATES (BY VALUE, SEGRO SHARE)	Ownership %	Location	Lettable area (100%) sq m	Headline rent £m	Vacancy by ERV %	WAULT, years ¹	Asset type
UK							
Slough Trading Estate	100	Slough	640,706	101.3	4.1	8.4	Multi-let urban warehouse estate
SLP East Midlands Gateway	100	Midlands	333,160	23.9	0.0	14.8	Big box warehouse park
Premier Park	100	Park Royal	78,720	13.7	0.0	4.2	Multi-let urban warehouse estate
Shoreham Rd Cargo Area	100	Heathrow	93,704	21.0	0.1	2.0	Multi-let cargo facility
Greenford Park	100	Park Royal	79,503	11.2	2.7	4.0	Multi-let urban warehouse estate
Metropolitan Park	100	Park Royal	69,988	8.4	1.8	1.4	Multi-let urban warehouse estate
North Feltham Trading Estate	100	Heathrow	57,933	8.9	4.4	4.9	Multi-let urban warehouse estate
SEGRO Park Perivale	100	Park Royal	56,906	7.7	5.3	2.2	Multi-let urban warehouse estate
Axis Park	100	Heathrow	61,753	9.2	0.0	6.7	Multi-let urban warehouse estate
Park Royal Origin	100	Park Royal	33,965	5.9	0.0	13.5	Multi-let urban warehouse estate
CONTINENTAL EUROPE							
SEGRO Parc des Petits Carreaux	100	France	149,396	12.0	10.5	2.6	Multi-let urban warehouse estate
CSG Logistics Park	50 / 100	Italy	349,488	8.4	0.0	7.4	Big box warehouse park
SEGRO Airport Park Berlin	50 / 100	Germany	136,121	6.3	9.0	5.9	Multi-let urban warehouse and Big box estate
Novara Logistics Park	100	Italy	189,028	5.8	0.0	14.6	Big box warehouse park
SEGRO Logistics Park Krefeld-Süd	50	Germany	235,977	5.8	0.0	3.6	Big box warehouse park
SEGRO Logistics Park Aulnay	100	France	47,288	4.4	0.0	7.8	Big box warehouse park
SEGRO Park Düsseldorf-Süd	100	Germany	96,237	6.4	2.7	5.5	Multi-let urban warehouse estate
SEGRO CityPark Düsseldorf	100	Germany	50,457	4.6	1.1	5.4	Multi-let urban warehouse estate
Rome South Logistics Park	50	Italy	223,241	4.5	0.0	16.4	Big box warehouse park
SEGRO Park Gennevilliers	100	France	75,232	5.3	0.0	4.6	Multi-let urban warehouse estate

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

ANALYSIS OF PORTFOLIO BY ASSET TYPE AS AT 31 DECEMBER 2021

	Lettable area (100%) sq m	Lettable area (share) sq m	Valuation (SEGRO share)				Assets under management ⁴ £m	Valuation Movement ¹	
			Investment & trading properties £m	Joint ventures £m	Land & development ² £m	Total £m		Held throughout %	Completed properties %
UK									
Big box warehouses > 35,000 sq m	362,380	362,380	775	-	-	775	775	25.3	30.7
Big box warehouses < 35,000 sq m	299,635	299,635	648	-	-	648	648	30.7	34.7
Urban warehouses > 3,500 sq m	1,092,179	1,092,179	5,078	-	-	5,078	5,078	32.4	30.3
Urban warehouses < 3,500 sq m	665,439	665,439	3,988	-	-	3,988	3,988	40.9	40.9
High value and other uses of industrial land ³	154,018	154,018	641	-	-	641	641	15.9	1.4
	2,573,651	2,573,651	11,130	-	1,021	12,151	12,158	34.5	32.0
CONTINENTAL EUROPE									
Big box warehouses > 35,000 sq m	2,595,275	1,460,714	345	1,102	-	1,447	2,549	18.0	21.9
Big box warehouses < 35,000 sq m	3,041,701	1,673,960	532	1,503	-	2,035	3,538	18.5	21.4
Urban warehouses > 3,500 sq m	1,233,827	1,112,286	1,744	141	-	1,885	2,026	19.9	24.8
Urban warehouses < 3,500 sq m	85,618	85,618	165	-	-	165	165	25.4	28.9
High value and other uses of industrial land ³	41,647	40,958	74	3	-	77	80	(5.0)	5.5
	6,998,068	4,373,536	2,860	2,749	617	6,226	9,128	18.7	22.6
GROUP									
Big box warehouses > 35,000 sq m	2,957,655	1,823,094	1,120	1,102	-	2,222	3,324	20.8	24.8
Big box warehouses < 35,000 sq m	3,341,336	1,973,595	1,180	1,503	-	2,683	4,186	20.9	24.4
Urban warehouses > 3,500 sq m	2,326,006	2,204,465	6,822	141	-	6,963	7,104	28.9	28.8
Urban warehouses < 3,500 sq m	751,057	751,057	4,153	-	-	4,153	4,153	40.2	40.4
High value and other uses of industrial land ³	195,665	194,976	715	3	-	718	721	10.8	1.8
	9,571,719	6,947,187	13,990	2,749	1,638	18,377	21,286	29.0	28.7

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

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

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

⁴ AUM totals include land & developments at 100%

ANALYSIS OF PORTFOLIO BY ASSET TYPE AS AT 31 DECEMBER 2021

	Lettable area (100%) sq m	Lettable area (share) sq m	Passing rent ¹ £m	Headline rent ¹ £m	Headline rent ¹ £ per sq m	ERV ² £m	Vacancy by ERV ⁴ %	Net initial yield %	Topped-up net initial yield ⁵ %	Net true equivalent yield %
UK										
Big box warehouses > 35,000 sq m	362,380	362,380	22	27	74	29	0.0	3.3	3.9	3.6
Big box warehouses < 35,000 sq m	299,635	299,635	20	24	80	28	0.0	3.1	3.8	4.0
Urban warehouses > 3,500 sq m	1,092,179	1,092,179	140	154	144	198	0.4	2.7	3.0	3.6
Urban warehouses < 3,500 sq m	665,439	665,439	97	106	173	151	5.9	2.3	2.5	3.5
Other uses of industrial land ³	154,018	154,018	32	33	233	38	7.5	4.8	4.9	6.2
	2,573,651	2,573,651	311	344	138	444	2.8	2.8	3.1	3.7
CONTINENTAL EUROPE										
Big box warehouses > 35,000 sq m	2,595,275	1,460,714	55	59	41	61	1.3	3.5	3.8	3.9
Big box warehouses < 35,000 sq m	3,041,701	1,673,960	73	84	51	89	2.1	3.3	3.8	3.9
Urban warehouses > 3,500 sq m	1,233,827	1,112,286	67	79	75	85	7.3	3.2	3.8	4.1
Urban warehouses < 3,500 sq m	85,618	85,618	7	8	101	9	8.8	3.8	4.2	4.6
Other uses of industrial land ³	41,647	40,958	5	5	130	5	3.4	4.9	5.0	4.7
	6,998,068	4,373,536	207	235	55	249	3.9	3.4	3.8	4.0
GROUP										
Big box warehouses > 35,000 sq m	2,957,655	1,823,094	77	86	48	90	0.9	3.4	3.8	3.8
Big box warehouses < 35,000 sq m	3,341,336	1,973,595	93	108	56	117	1.6	3.3	3.8	3.9
Urban warehouses > 3,500 sq m	2,326,006	2,204,465	207	233	110	283	2.5	2.9	3.2	3.8
Urban warehouses < 3,500 sq m	751,057	751,057	104	114	164	160	6.1	2.4	2.6	3.5
Other uses of industrial land ³	195,665	194,976	37	38	210	43	7.0	4.8	4.9	6.0
	9,571,719	6,947,187	518	579	86	693	3.2	3.0	3.3	3.8

¹ In respect of occupied space only; SEGRO share.

² On a fully occupied basis; SEGRO share.

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

⁴ Vacancy rate excluding short term lettings for the Group at 31 December 2021 is 3.7%.

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

ANALYSIS OF PORTFOLIO BY ASSET TYPE AS AT 31 DECEMBER 2021

	Lettable area (100%) sq m	Lettable area (share) sq m	Valuation (SEGRO share)				Total £m	Assets under management £m	Valuation Movement ¹	
			Investment & trading properties £m	Joint ventures £m	Land & development ³ £m	£m			Held throughout %	Completed properties %
BY OWNERSHIP										
Wholly owned	4,322,654	4,322,654	13,990	-	1,478	15,468	15,468	31.6	30.6	
Joint ventures	5,249,065	2,624,533	-	2,749	160	2,909	5,818	18.2	19.6	
GROUP TOTAL	9,571,719	6,947,187	13,990	2,749	1,638	18,377	21,286	29.0	28.7	

	Passing rent ⁵ £m	Headline rent ⁵ £m	Headline rent ⁵ £ per sq m	ERV ⁶ £m	Vacancy by ERV ⁴ %	Net initial yield %	Topped-up net initial yield ² %	Net true equivalent yield %
BY OWNERSHIP								
Wholly owned	414	463	111	574	3.5	2.9	3.2	3.8
Joint ventures	104	116	45	119	1.8	3.4	3.9	4.0
GROUP TOTAL	518	579	86	693	3.2	3.0	3.3	3.8

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

² In relation to SEGRO's share of completed properties.

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

⁴ Vacancy rate excluding short term lettings for the Group at 31 December 2021 is 3.7%.

⁵ In respect of occupied space only; SEGRO share.

⁶ On a fully occupied basis; SEGRO share.

ANALYSIS OF PORTFOLIO BY GEOGRAPHY AS AT 31 DECEMBER 2021

	Lettable area (100%) sq m	Lettable area (share) sq m	Valuation (SEGRO share)				Total £m	Assets under management £m	Valuation Movement ¹	
			Investment & trading properties £m	Joint ventures £m	Land & development £m				Held throughout %	Completed properties %
London Airports (primarily Heathrow)	484,353	484,353	2,303	-	116	2,419	2,419	24.6	24.7	
Park Royal	486,621	486,621	3,043	-	36	3,079	3,086	46.1	46.2	
Rest of Greater London	322,477	322,477	1,659	-	175	1,834	1,834	49.6	34.0	
GREATER LONDON	1,293,451	1,293,451	7,005	-	327	7,332	7,339	38.1	35.6	
Slough Trading Estate	640,706	640,706	2,806	-	205	3,011	3,011	28.2	23.3	
Rest of South-East England	20,405	20,405	72	-	19	91	91	33.3	33.3	
THAMES VALLEY	661,111	661,111	2,878	-	224	3,102	3,102	28.4	23.5	
NATIONAL LOGISTICS	619,089	619,089	1,247	-	470	1,717	1,717	27.8	33.2	
UK TOTAL	2,573,651	2,573,651	11,130	-	1,021	12,151	12,158	34.5	32.0	
Germany	1,615,149	1,002,510	754	778	197	1,729	2,548	15.8	19.0	
Netherlands	233,185	120,298	9	158	27	194	368	21.4	20.1	
NORTHERN EUROPE	1,848,334	1,122,808	763	936	224	1,923	2,916	16.3	19.1	
France	1,513,337	1,078,186	1,227	524	112	1,863	2,394	18.9	20.9	
Italy	1,600,875	1,025,273	559	558	138	1,255	1,813	28.9	33.6	
Spain	355,754	230,968	160	161	64	385	583	23.9	33.8	
SOUTHERN EUROPE	3,469,966	2,334,427	1,946	1,243	314	3,503	4,790	21.6	26.3	
Poland	1,510,254	831,543	151	480	75	706	1,234	13.9	14.5	
Czech Republic	169,514	84,758	-	90	4	94	188	21.6	21.6	
CENTRAL EUROPE	1,679,768	916,301	151	570	79	800	1,422	14.8	15.4	
CONTINENTAL EUROPE TOTAL	6,998,068	4,373,536	2,860	2,749	617	6,226	9,128	18.7	22.6	
COMPLETED PORTFOLIO	9,571,719	6,947,187	13,990	2,749	1,638	18,377	21,286	29.0	28.7	

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

ANALYSIS OF PORTFOLIO BY GEOGRAPHY AS AT 31 DECEMBER 2021

	Lettable area (100%) sq m	Lettable area (share) sq m	Passing rent ¹ £m	Headline rent ¹ £m	Headline rent ¹ £ per sq m	ERV ² £m	Vacancy by ERV ³ %	Net initial yield ⁴ %	Topped-up net initial yield ⁴ %	Net true equivalent yield ⁴ %
London Airports (primarily Heathrow)	484,353	484,353	79	84	179	100	1.8	3.3	3.5	4.1
Park Royal	486,621	486,621	60	69	146	102	3.6	2.0	2.3	3.2
Rest of Greater London	322,477	322,477	37	42	134	63	3.1	1.9	2.2	3.2
GREATER LONDON	1,293,451	1,293,451	176	195	155	265	2.8	2.4	2.7	3.5
Slough Trading Estate	640,706	640,706	96	101	169	126	4.1	3.4	3.6	4.1
Rest of South-East England	20,405	20,405	3	3	136	3	-	3.6	3.6	4.1
THAMES VALLEY	661,111	661,111	99	104	138	129	4.0	3.4	3.6	4.1
NATIONAL LOGISTICS	619,089	619,089	36	45	73	50	-	3.3	4.0	3.8
UK TOTAL	2,573,651	2,573,651	311	344	138	444	2.8	2.8	3.1	3.7
Germany	1,615,149	1,002,510	50	58	60	62	5.0	2.9	3.4	3.6
Netherlands	233,185	120,298	7	7	63	7	-	3.7	3.9	3.9
NORTHERN EUROPE	1,848,334	1,122,808	57	65	60	69	4.4	3.0	3.4	3.6
France	1,513,337	1,078,186	59	70	69	79	6.5	3.1	3.7	4.1
Italy	1,600,875	1,025,273	43	47	46	48	-	3.4	3.8	3.8
Spain	355,754	230,968	14	15	64	15	-	3.7	4.0	3.9
SOUTHERN EUROPE	3,469,966	2,334,427	116	132	58	142	3.6	3.3	3.8	4.0
Poland	1,510,254	831,543	32	34	43	34	4.3	4.9	5.3	5.2
Czech Republic	169,514	84,758	2	4	48	4	2.9	2.7	4.4	4.8
CENTRAL EUROPE	1,679,768	916,301	34	38	43	38	4.2	4.6	5.2	5.2
CONTINENTAL EUROPE TOTAL	6,998,068	4,373,536	207	235	55	249	3.9	3.4	3.8	4.0
COMPLETED PORTFOLIO	9,571,719	6,947,187	518	579	86	693	3.2	3.0	3.3	3.8

¹ In respect of occupied space only; SEGRO share.

² On a fully occupied basis; SEGRO share.

³ Vacancy rate excluding short term lettings for the Group at 31 December 2021 is 3.7%.

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

SUPPLEMENTARY DATA AS AT 31 DECEMBER 2021

LEASING DATA FOR YEAR TO 31 DECEMBER

		2021	2020
Take-up of existing space ² (A)	£m	26.4	15.6
Space returned ³ (B)	£m	(20.5)	(12.4)
Net absorption of existing space² (A-B)	£m	5.9	3.2
Other rental movements (rent reviews, renewals, indexation) ² (C)	£m	8.6	12.9
Rent roll growth from existing space	£m	14.5	16.1
Take-up of pre-let developments completed in the year \square signed in prior years ² (D)	£m	42.6	32.9
Take-up of speculative developments completed in the past two years ² (D)	£m	15.1	10.2
Total take-up² (A+C+D)	£m	92.7	71.6
Less take-up of space signed in previous years ²	£m	(46.5)	(34.8)
Pre-lets signed in the year for delivery in later years ⁴	£m	49.1	41.1
Rental income contracted in the year⁴	£m	95.3	77.9
Take-back of space for re-development	£m	(3.0)	(4.0)
Known takeback/letting from acquisition	£m	-	(1.4)
Retention rate ⁴	%	77	86

RECONCILIATION BETWEEN PASSING RENT AND ERV

	UK £m	Continental Europe £m	Group £m
PASSING RENT PER VALUATION	334	206	540
Valuation adjustments (incl outstanding rent reviews, rent in arrears)	(21)	1	(20)
Less rents from short term lettings	(2)	-	(2)
SEGRO PASSING RENT	311	207	518
Adjustment for notional rent in respect of rent-free periods	33	28	61
SEGRO CONTRACTED HEADLINE RENT	344	235	579
ERV of vacant properties (incl short term lettings)	15	10	25
Reversion to ERV for properties occupied	85	4	89
ERV OF COMPLETED PORTFOLIO	444	249	693

¹All figures reflect exchange rates at 31 December and include joint ventures at share.

²Headline rent.

³Headline rent, excluding space taken back for redevelopment.

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

SUPPLEMENTARY DATA AS AT 31 DECEMBER 2021

PORTFOLIO RENT REVIEW CLAUSE SPLIT

Headline Rent	Continental		Group
	UK	Europe	
	%	%	%
Market Rent Review	53	-	53
Index Linked ¹	2	39	41
Fixed Uplifts/Other	4	2	6

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

	Headline rent of leases subject to review, renewal or re-gear £m	New headline rent agreed £m	Change ³ %
Greater London	17.7	21.8	22.7
Thames Valley	8.2	9.3	13.3
National Logistics	2.7	2.9	8.4
UK TOTAL	28.6	34.0	18.7
Northern Europe ²	3.8	3.9	3.4
Southern Europe ²	7.0	7.1	0.4
Central Europe ²	3.2	3.3	1.4
CONTINENTAL EUROPE TOTAL	14.0	14.3	1.5
GROUP TOTAL	42.6	48.3	13.0

¹Majority linked to CPI.

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

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

SUPPLEMENTARY DATA AS AT 31 DECEMBER 2021

LEASE BREAK OPTIONS & EXPIRIES

	2022	2023	2024	2025	2026
Headline rent (SEGRO share)	£m	£m	£m	£m	£m
UK	23	15	31	16	6
Continental Europe	10	13	13	11	3
GROUP TOTAL - LEASE BREAK OPTIONS	33	28	44	27	9
UK	27	17	29	23	21
Continental Europe	11	14	16	24	21
GROUP TOTAL - LEASE EXPIRIES ASSUMING NO BREAKS ARE EXERCISED	38	31	45	47	42
UK	(2)	(4)	(12)	(3)	(6)
Continental Europe	(1)	(4)	(2)	(9)	(8)
GROUP TOTAL - DEDUCTION ASSUMING ALL BREAKS ARE EXERCISED	(3)	(8)	(14)	(12)	(14)
GROUP TOTAL - LEASE EXPIRIES AND POTENTIAL BREAKS	68	51	75	62	37

Estimated Rental Value (ERV; SEGRO share)

UK	64	37	57	48	26
Continental Europe	21	24	28	27	15
GROUP TOTAL - ERV OF LEASES SUBJECT TO BREAK OPTION OR EXPIRY	85	61	85	75	41

RENT SUBJECT TO REVIEW

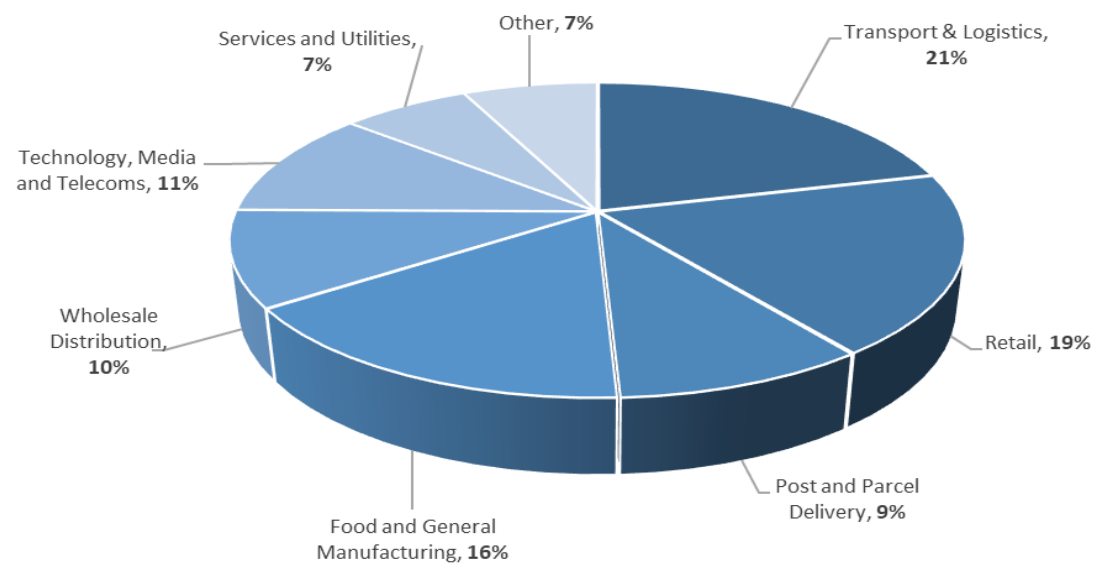
	2022	2023	2024	2025	2026
Headline rent	£m	£m	£m	£m	£m
Greater London	39	25	19	24	14
Thames Valley	22	10	20	5	9
National Logistics	13	1	14	2	2
UK TOTAL	74	36	53	31	25

Estimated Rental Value (ERV)

Greater London	55	34	26	28	17
Thames Valley	25	11	25	5	10
National Logistics	16	1	15	3	2
UK TOTAL	96	46	66	36	29

CUSTOMER TYPES AS AT 31 DECEMBER 2021

Customer type by headline rent



WEIGHTED AVERAGE LEASE LENGTH¹

By geography	Break years	Expiry years
UK	8.2	9.7
Continental Europe	5.9	6.8
GROUP TOTAL	7.2	8.5

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

TOP 20 CUSTOMERS

CUSTOMER (BY HEADLINE RENT)	CUSTOMER TYPE
Amazon	Retail
Deutsche Post DHL	Transport & Logistics / Post & Parcel Delivery
Royal Mail	Post & Parcel Delivery
Federal Express	Post & Parcel Delivery
Virtus	Technology, Media and Telecoms
GXO	Transport & Logistics
Worldwide Flight Services	Transport & Logistics
Geodis	Transport & Logistics
Equinix	Technology, Media and Telecoms
La Poste (DPD)	Post & Parcel Delivery
British Airways	Other
Telefonica	Technology, Media and Telecoms
CyrusOne	Technology, Media and Telecoms
Ocado	Retail
Leroy Merlin	Retail
Tesco	Wholesale Distribution
Netflix	Technology, Media and Telecoms
Hermes	Post & Parcel Delivery
Menzies	Transport & Logistics
UCB	Other

The top 20 customers represent headline rent of £188 million in aggregate, 32% of the Group's total headline rent at 31 December 2021 (SEGRO share).

DEVELOPMENT PIPELINE AS AT 31 DECEMBER 2021

	Hectarage (space, 100%) ha	Space to be built (100%) sq m	Current book value ¹ £m	Estimated cost to completion ² £m	ERV when completed ³ £m	Pre-let (ERV) £m	Estimated yield on cost ⁴ %
CURRENT DEVELOPMENT PIPELINE (A)							
UK	32	195,184	515	141	32	24	8.1%
Continental Europe — wholly-owned	54	249,424	177	134	18 ⁵	10	6.7%
Continental Europe — joint ventures	41	271,646	79	35	6	3	6.3%
	127	716,254	771	310	56	37	7.4%
Forward funded projects	24	85,106	69	70	6	-	4.8%
	151	801,360	840	380	62	37	7.0%
FUTURE DEVELOPMENT PIPELINE (B)							
UK	264	1,212,306	462	1,091	95	-	6.1%
Continental Europe — wholly-owned	210	876,070	254	567	52 ⁵	-	6.4%
Continental Europe — joint ventures	210	1,017,894	67	245	22	-	7.1%
	684	3,106,270	783	1,903	169	-	6.3%
TOTAL DEVELOPMENT PIPELINE (A+B)	835	3,907,630	1,623	2,283	231	37	
Land subject to sale on turnkey developments	-	-	-	-	-	-	-
Other land	20	-	15	-	-	-	-
TOTAL DEVELOPMENT PIPELINE AND OTHER LAND	855		1,638				

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

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

³ ERV based upon market rents as at 31 December 2021.

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

⁵ Approximately £8 million in the current pipeline and £25 million in the future pipeline is associated with big box warehouses built by SEGRO/Vailog for which SELP has the option, but not the obligation, to acquire shortly after completion. Any acquisition is carried out based on the most recent valuation and the effective impact on SEGRO would be receipt of 50 per cent of the proceeds and a loss of 50 per cent of the rent.

CURRENT DEVELOPMENT PROJECTS

	Space to be built (100%) sq m	Period of completion			Estimated costs to completion £m	Period of completion				
		Total	2022 H1	2022 H2		2023 H1	Total	2022 H1	2022 H2	2023 H1
UK — Big Box	70,203	10,745	59,458	-	37	5	32	-		
UK — Urban warehousing	124,981	67,518	20,057	37,406	104	28	36	40		
UK TOTAL	195,184	78,263	79,515	37,406	141	33	68	40		
Continental Europe — Big Box	410,653	207,986	127,456	75,211	108	23	38	47		
<i>Continental Europe — Big Box wholly-owned¹</i>	139,007	37,258	26,538	75,211	73	7	19	47		
<i>Continental Europe — Big Box joint ventures</i>	271,646	170,728	100,918	-	35	16	19	-		
Continental Europe — Urban warehousing wholly-owned	104,396	43,115	44,577	16,704	49	13	23	13		
Continental Europe — High value and other uses of industrial land	6,021	-	6,021	-	12	-	12	-		
CONTINENTAL EUROPE TOTAL	521,070	251,101	178,054	91,915	169	36	73	60		
CURRENT DEVELOPMENT PIPELINE	716,254	329,364	257,569	129,321	310	69	141	100		

	ERV when complete £m	Period of completion			Pre-let (ERV) £m	Period of completion				
		Total	2022 H1	2022 H2		2023 H1	Total	2022 H1	2022 H2	2023 H1
UK — Big Box	6	1	5	-	5	1	4	-		
UK — Urban warehousing	26	12	6	8	19	6	6	7		
UK TOTAL	32	13	11	8	24	7	10	7		
Continental Europe — Big Box	14	6	4	4	8	3	3	2		
<i>Continental Europe — Big Box wholly-owned¹</i>	8	2	2	4	5	1	2	2		
<i>Continental Europe — Big Box joint ventures</i>	6	4	2	-	3	2	1	-		
Continental Europe — Urban warehousing wholly-owned	9	4	4	1	4	2	2	-		
Continental Europe — High value and other uses of industrial land	1	-	1	-	1	-	1	-		
CONTINENTAL EUROPE TOTAL	24	10	9	5	13	5	6	2		
CURRENT DEVELOPMENT PIPELINE	56	23	20	13	37	12	16	9		

¹These developments are built by SEGRO/Vailog for which SELP has the option, but not the obligation, to acquire shortly after completion.

DEVELOPMENT PROJECTS COMPLETED IN 2021

	Completed (space, 100%) sq m	Total ERV (at share) £m	ERV of let space (at share) £m	Total capital expenditure (at share) £m	Yield on cost
UK — Big Box	117,076	11	11	88	6.8%
UK — Urban warehousing	37,342	7	7	37	9.1%
UK — High value and other uses of industrial land	-	-	-	4	6.1%
UK TOTAL	154,418	18	18	129	7.5%
Continental Europe — Big Box	560,756	20	21	272	6.1%
Wholly-owned	359,600	15	15	220	5.9%
Joint Ventures	201,156	5	5	52	6.9%
Continental Europe - Urban warehousing	124,051	12	8	124	6.9%
Continental Europe - High value and other uses of industrial land	-	2	2	9	8.3%
CONTINENTAL EUROPE TOTAL	684,807	34	32	405	6.5%
TOTAL COMPLETED PROJECTS IN 2021	839,225	52	48	534	6.8%

GLOSSARY OF TERMS

Completed portfolio

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

Development pipeline

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

EPRA

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

Estimated cost to completion

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

Estimated rental value (ERV)

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

Rent-free period

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

Headline rent

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

Hectares (Ha)

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

Investment property

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

Joint venture

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

Net initial yield

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

Square metres (sq m)

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

Net rental income

Gross Rental Income less ground rents paid, net service charge expenses and property operating expenses.

Net true equivalent yield

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

Passing rent

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

Pre-let

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

REIT

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

Total capital expenditure

Total capital expenditure excluding land value.

GLOSSARY OF TERMS

Rent roll

See Passing Rent.

Speculative development

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

Take-back

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

Topped up net initial yield

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

Trading property

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

Yield on cost

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



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