PRESS RELEASE

SEGRO
WHERE BUSINESS WORKS

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

SEGRO, EUROPE'S LEADING INDUSTRIAL REIT, IS DELIVERING IN CHALLENGING MARKETS

	Six months to 30 June 2010	Six months to 30 June 2009	Change %
Net rental income (£m)	**144.3**	129.7	11.3
Profit/(loss) before tax (£m)	**148.9**	(493.3)	
Adjusted profit before tax – recurring rental profits (£m)	**64.3**	49.1	31.0
Earnings/(loss) per share (p)	**20.8**	(113.2)	
Adjusted earnings per share – recurring rental profits (p)	**8.7**	11.1	(21.6)
Dividend per share (p)	**4.7**	4.6	2.2

	30 June 2010	31 December 2009	Change %
Net assets (£m)	**2,652.9**	2,593.2	2.3
Net asset value per share (p)	**358**	354	1.1
Adjusted net asset value per share (p)	**366**	362	1.1
Net debt (£m)	**2,254.6**	2,420.1	(6.8)
Gearing (%)	**83**	91	

Capital values increase in the UK and are stabilising in Continental Europe – value of portfolio of completed properties increased by 1.4% (UK +2.5% and Continental Europe –1.4%).

Improving occupancy conditions

- **Encouraging leasing momentum in challenging occupier markets** – £20.0 million of new annualised rental income generated in H1 2010 (H1 2009: £14.1 million).
- **Takebacks in line with expectations** – £19.2 million annualised rental income lost from space returned (£4.6 million relating to space returned due to the Karstadt-Quelle insolvency) (H1 2009: £11.4 million).
- **Group vacancy rate 14.0%** – Increase on 13.5% at 31 December 2009 mainly reflects, as expected, the return of Karstadt-Quelle space.
- **Strong lettings performance in London** – SEGRO estimates it captured over 40% of all industrial space let in West London in the first half of 2010.
- **Rental growth in several major markets** – London rents 2.1% above 31 December 2009 ERV. Germany 0.6%, Belgium 1.8% and Poland 0.6% above ERV.

Capitalising on opportunities to profitably grow and improve the portfolio

- **Continuing to exploit opportunities from Brixton acquisition completed August 2009 –** Good progress with lettings.
- **Heathrow portfolio significantly enhanced through APP transactions completed June 2010 –** Active management of combined portfolios offers significant opportunities to add value in this attractive core market.
- **Pre-let demand increasing –** Growing interest in South East England with eleven projects agreed or in active negotiations. In Continental Europe, four new pre-lets agreed or currently in negotiations.
- **Disposals –** £320.7 million of disposals completed in first half at a £3.8 million profit to book value (including £237.1 million injection of assets into APP).

Prudently managing financial position

- **£271.0 million of new and extended bank facilities agreed** – Gearing levels reduced.

Commenting on the results, Ian Coull, Chief Executive said:

"Progress has been encouraging during the half and we have made good advances in lettings. The integration of the Brixton portfolio, acquired last year, has continued to benefit the SEGRO business and the exciting APP joint venture with Aviva Investors has given us an excellent position in the Heathrow market. Heathrow remains a key hub for the UK economy and our presence here gives us the potential to deliver further value to shareholders. We have recently seen an encouraging increase in the levels of enquiries and growing interest in pre-let developments which we will seek to capitalise on in the second half. The macro-economic environment remains uncertain but SEGRO is well placed and we will continue to focus on driving operational performance."

CONFERENCE CALL FOR INVESTORS AND ANALYSTS

A live webcast of the results presentation will be available from 09.30 hours at SEGRO's website at:
http://www.segro.com/segro/Investors/Investors-Home.htm

A conference call facility will also be available at 09.30 hours on the following numbers:

UK toll:	**+44 (0) 20 7806 1956**
US toll free:	+**1 888 935 4577**
Access code:	**5594081#**

From midday the conference call will be available on a replay basis on the following numbers:

UK toll:	**+44 (0) 20 7111 1244**
US toll free:	**+1 347 366 9565**
Access code:	**5594081#**

CONTACT DETAILS FOR INVESTOR / ANALYST AND MEDIA ENQUIRIES RESPECTIVELY:

SEGRO	Alex Shorland-Ball	Mob: +44 (0) 7702 910 149 (26 August) Tel: + 44 (0) 20 7451 9043
The Maitland Consultancy	Liz Morley	Tel: + 44 (0) 20 7379 5151

The timetable for the 2010 interim dividend will be as follows:

Ex-Dividend date	8 September 2010
Record Date	10 September 2010
Payment Date	8 October 2010

The terms used in this report are defined in the Glossary of Terms on page 32. This half year report, the most recent Annual Report and other information are available on SEGRO website at http://www.segro.com/segro/Investors/Investors-Home/.

BUSINESS REVIEW

Overview

During the six months to 30 June 2010, SEGRO has continued to focus on its key priorities to improve occupancy, to capitalise on opportunities to profitably grow and improve the portfolio and to prudently manage the Group's financial position.

Lettings momentum in the half was strong in both the UK and Continental Europe. Good progress has been made in the former Brixton portfolio where significant reductions in vacancy rates have been achieved at key estates, particularly in Park Royal.

Occupier markets remained challenging with takebacks in the half amounting to £19.2 million of annualised rental income (£14.6 million excluding space returned, as expected, following the Karstadt-Quelle insolvency). SEGRO's continued focus on staying close to its customers helped the UK business to increase its retention rate to 52 per cent (H1 2009: 45 per cent) and the Continental European retention rate remains strong at 66 per cent.

SEGRO grew transactional rental levels in several of its major markets in the six months, with annualised rental income in London 2.1 per cent above December 2009 ERV, Germany 0.6 per cent above ERV, Belgium 1.8 per cent above ERV and Poland 0.6 per cent above ERV, reflecting the quality and strength of the portfolio in those markets. Rent free incentives, measured as a percentage of total rent to the earlier of first break or expiry, shortened to 7.6 per cent in the UK and 7.3 per cent in Continental Europe.

The overall Group vacancy rate improved slightly to 14.0 per cent in the second quarter but remains higher than the vacancy rate at the year end due principally to three factors: the impact of the return of the Karstadt-Quelle space; the completion of a partly pre-let office development at Winnersh where one building remains unlet; and the return of the 22,700 sq m Verdus building at Greenford Park. SEGRO is currently in active negotiations with a major supermarket chain in respect of an agreement to lease for the Verdus building. If completed, this would reduce the former Brixton vacancy rate, which stood at 21.5 per cent at 30 June 2010, by 2.1 percentage points. SEGRO remains committed to reducing the former Brixton vacancy to 15.0 per cent by the end of 2012.

In June, SEGRO completed the acquisition of a 50 per cent share of the Airport Property Partnership ("APP") and the injection of £237.1 million of assets into the joint venture. This transaction considerably improved SEGRO's already strong market position at Heathrow and significantly enhanced the portfolio with strategically important airside assets. The size of SEGRO's Heathrow portfolio under management has quadrupled in size since 30 June 2009 and provides significant opportunities to add additional value through more active management, delivering economies of scale, development opportunities and re-gearing the existing peppercorn leases within the APP portfolio.

Further progress was made against SEGRO's third priority to prudently manage its financial position. In the half, SEGRO generated a net funds inflow of £90.0 million which, combined with the benefit of a favourable exchange rate impact of £78.8 million, caused net debt to reduce by £165.5 million to £2,254.6 million (31 December 2009: £2,420.1 million). The Group agreed new and extended bank facilities of £271.0 million, in aggregate, extending the weighted average maturity of the Group's borrowings to 9.7 years. Gearing reduced during the six months from 91 per cent at 31 December 2009 to 83 per cent at the end of June.

Portfolio value increased by 1.4 per cent

SEGRO's portfolio of completed properties recorded a valuation gain of 1.4 per cent during the first six months, compared to a loss of 11.3 per cent in the first half of 2009.

The UK portfolio of completed properties recorded a valuation gain of 2.5 per cent for the period. Excellent gains were reported at several of the Group's estates in and around Park Royal, where strong institutional demand for product has combined with limited investment availability and positive rental growth. Weaker performances were recorded at some of the Group's higher vacancy estates, particularly in Heathrow and outside the South East, where the valuers have extended their time to let assumptions and moderated ERVs, reflecting more challenging local market dynamics.

The Continental European portfolio of completed properties showed a valuation decrease of 1.4 per cent, reflecting an increase in vacancy levels and the extension of time to let assumptions. The German portfolio recorded a valuation decline of 3.9 per cent, mainly due to the return of properties from the Karstadt-Quelle insolvency. The Belgian portfolio reported a modest valuation decline of 1.4 per cent, while the French portfolio remained relatively stable with a decline of just 0.3 per cent. The Polish portfolio recorded a 4.4 per cent valuation gain, reflecting improved occupancy and robust rental levels.

Encouraging leasing momentum in challenging occupier markets

SEGRO delivered £20.0 million of new annualised rental income in the six months (up 41.8 per cent on H1 2009) with 329,000 sq m of space let (up 25.0 per cent on H1 2009). Highlighting the difficult occupier markets, £19.2 million of annualised rental income was lost due to space returned in the half, in line with the Group's expectations at the start of the year.

SEGRO continued to take a pragmatic and flexible approach to ensuring space was filled and the UK team generated £14.3 million of new annualised rental income (up 134.4 per cent on H1 2009) with 159,000 sq m of space let (up 102.4 per cent on H1 2009). The London market was relatively strong reflecting the quality of SEGRO's London portfolio including the former Brixton assets. SEGRO estimates that, in the first half, it secured over 40 per cent of all the industrial space let in West London. Highlights in the region include the reduction of the vacancy rate at Premier Park, Park Royal to just 2.2 per cent (from 7.6 per cent) with lettings of 2,600 sq m to a major security company and 6,700 sq m to a leading fashion retailer signed in the half. At Metropolitan Park, the letting of 3,600 sq m to Lloyd Fraser Logistics helped reduce the vacancy rate by 4.9 percentage points and at Victoria Industrial Estate, the vacancy rate was reduced from 34.0 per cent to 24.0 per cent following a refurbishment programme. The re-letting of 6,400 sq m at Swanley to the Ideal Waste Paper Company was achieved in just five months following the return of the building at the end of 2009. Greenford Park signings included the letting of 4,900 sq m of space to a major auction house and active negotiations are currently ongoing, as mentioned above, with a major supermarket chain on an agreement to lease for the Verdus Building.

In the Thames Valley, two major pre-lets were delivered on time (£4.7 million of annualised rental income) to Fluor at IQ Farnborough and to Equinix on the Slough Trading Estate. Four new office lettings were secured at Winnersh totalling 2,600 sq m to Qlik-Tech, Connections Recruitment, Vaillant and Aramark. The vacancy rate at Bilton Industrial Estate, Bracknell, was reduced from 21.6 per cent to 2.5 per cent over the six months and at Camberley, the Group reduced vacancy to 28.0 per cent from the 31 December position of 47.2 per cent. The region also saw some pick up in activity from SMEs in the first half with ten lettings at the Slough Trading Estate Enterprise Quarter, demonstrating how SEGRO's flexible approach can respond to changing market conditions.

Despite more challenging occupier markets outside the South East, SEGRO made good progress in tackling vacancy with significant lettings, including 12,300 sq m to JD Sports Fashion at Heywood. At Trafford Park, the team has completed lettings of 19,200 sq m to a combination of existing and new customers (including 7,300 sq m to AKW Group, 4,100 sq m to Lindab and 3,300 sq m to AMC Auctioneers), helping reduce the overall vacancy rate by 3.5 percentage points since 31 December 2009.

The UK retention rate (lease renewals and unexercised breaks as a proportion of scheduled expiries and breaks), was 52 per cent, a positive improvement on the 45 per cent recorded in H1 2009 and reflecting the continued focus on staying close to our customers. In the six months, £9.9 million of annualised rental income was lost from space returned (up 5.3 per cent on H1 2009) and, as a result, the UK business generated £4.4 million of net new annualised rental income, a substantial improvement compared with H1 2009 (net loss of £3.3 million annualised rental income).

In Continental Europe £5.7 million of new annualised rental income was generated (down from £8.0 million in H1 2009) with 171,000 sq m of space let (down 7.8 per cent on H1 2009). This reflects the scaling back of the development programme with £5.5 million of new annualised rental income in the half coming from the leasing of existing space, twice the amount in H1 2009.

In Germany, H1 2010 lettings of 62,000 sq m were more than double the total for H1 2009. Significant lettings included 6,400 sq m to Logtrans in Dusseldorf, 26,800 sq m to DHL in Berlin and 7,800 sq m to Darboven in Hamburg.

Leasing performance in France accelerated with the delivery of 54,000 sq m of lettings in the half, a threefold increase versus H1 2009. Marly La Ville, Paris, illustrates SEGRO's flexible approach to filling space. The estate had an 11.1 per cent vacancy rate at the beginning of the year and a number of lease expiries in the half, which could have substantially increased this level. By moving existing tenants to accommodate their changing requirements and taking a pragmatic approach to rental levels in completing an increase in Daher's space of 37,000 sq m, SEGRO ensured the estate was fully occupied as at 30 June 2010.

Lettings in Belgium for the half year were double the levels seen in H1 2009 and included 21,200 sq m to Cummins at Rumst (SEGRO share). Pegasus Park has also proved particularly successful in the first six months reducing its vacancy rate from 14.1 per cent to 11.2 per cent.

In Poland, the SEGRO team had an active six months although H1 2010 lettings were 23,000 sq m, down on H1 2009, reflecting the scaling back of our development pipeline in 2009 in anticipation of a market slowdown. Significant lettings included the letting of 15,500 sq m at Strykow to Azymut and SWM Poland and the letting of 2,450 sq m to Brenntag Polska at Gliwice. In August, the team completed the letting of 24,000 sq m in Gliwice to Kaufland which reduces the vacancy in the Polish portfolio by 4.6 percentage points.

Continental Europe continues to deliver strong lease retention rates of 66 per cent.

Overall space returned equated to £9.3 million of annualised rental income (£4.7 million excluding space returned as a result of the Karstadt-Quelle insolvency) resulting in a net loss of £3.6 million annualised rental income in H1 2010, compared to £6.0 million generated in H1 2009.

Rental growth in several of our major markets

Reflecting the strength and quality of the SEGRO portfolio, annualised rental income levels on the 47 lease renewals and new lettings (together "transactions") completed in the London region for the six months was 2.1 per cent above ERV.

Outside London, where SEGRO had less new stock available and where occupier markets were generally weaker, an excess supply of second hand space in several regional markets kept downward pressure on rents. Against this backdrop, SEGRO continued to focus on maximising income and the 71 lettings outside London in the period were secured at an average 2.3% discount to ERV, whilst the 20 lease renewals were generally at higher discounts.

Overall UK annualised rental income levels on transactions completed was 0.9 per cent below ERV. Rent free incentives, measured as a percentage of total rent to the earlier of first break or expiry, shortened in H1 2010 to an average 7.6 per cent (H1 2009: 11.2 per cent).

In Continental Europe, transactions were completed at annualised rental income levels 2.9 per cent below ERV. This was impacted by the large logistics deal at Marly La Ville in France mentioned above, excluding which, transactions were completed at 0.4 per cent below ERV. Overall French transactions during the period were completed at annualised rental income levels 8.7 per cent below ERV. In Germany, transactions were completed at annualised rental income levels 0.6 per cent above ERV and in Belgium transactions were completed at annualised rental income levels 1.8 per cent above ERV. Despite intense competition in the Polish logistics market, SEGRO's transactions were completed at 0.6 per cent above ERV due to the high quality and well located portfolio. Meanwhile, rent free incentives in Continental Europe have shortened to an average 7.3 per cent (H1 2009: 9.0 per cent).

Insolvency levels generally remain low

Space returned due to insolvencies in the first half of the year increased to £6.0 million (1.6 per cent) of annualised rental income, due to the return of space representing £4.6 million of income relating to the Karstadt-Quelle insolvency in Germany. This insolvency was highlighted a year ago and the space was returned, as expected, during the first half of 2010. At the date of this press release, 32.0 per cent by annualised rental income of the returned Karstadt-Quelle properties have been re-let or sold.

Excluding Karstadt-Quelle, the underlying insolvency rate was 0.4 per cent, significantly lower than the 0.8 per cent seen in H1 2009 and in line with SEGRO's long term average.

In the UK, insolvencies were 0.5 per cent (£1.3 million) of total annualised rental income, an improvement on the 0.7 per cent run rate in H1 2009. Cash collection rates continue to be strong with 95 per cent of cash due at the end of June 2010 collected within 10 days of the invoice date (92 per cent at December 2009).

In Continental Europe, the Karstadt-Quelle insolvency drove the overall insolvency rate to 4.4 per cent (£4.7 million) of total annualised rental income (H1 2009: 0.8 per cent), excluding which, the underlying insolvency rate was just 0.1 per cent.

Group vacancy rate of 14.0 per cent

Vacancy rates by rental value (%)	**30 June 2010**	31 March 2010	31 December 2009
Former Brixton portfolio	**21.5**	20.7	22.1
UK (excluding former Brixton portfolio)	**11.5**	11.4	10.8
Total UK	**14.7**	14.6	14.8
Continental Europe (excluding Karstadt-Quelle space returned)	**9.9**	10.2	10.7
Total Continental Europe	**12.4**	12.8	10.7
Overall Group	**14.0**	14.1	13.5

As announced at Q1 2010, vacancy in the first three months of the year was impacted by the anticipated return of the Karstadt-Quelle space and the completion of a partly pre-let office development at Winnersh where one building remains unlet. Despite strong lettings momentum, the overall Group vacancy rate rose to 14.1 per cent at 31 March 2010 versus the 13.5 per cent reported at 31 December 2009. During the second quarter, good lettings progress has been made across the portfolio with the overall vacancy rate reducing to 14.0 per cent but this has been offset, in part, by the return of the Verdus Building at Greenford Park which contributes an additional 0.4 percentage points to the overall Group vacancy.

Good progress has been made across the former Brixton portfolio in the six months with substantial reductions in vacancy levels on key estates particularly at Park Royal. The former Brixton portfolio vacancy rate reduced from 22.1 per cent at 31 December 2009 to 21.5 per cent at 30 June 2010 with the return of the Verdus building contributing 2.1 percentage points to this figure.

In Continental Europe, the vacancy rate increased from 10.7 per cent at 31 December 2009 to 12.4 per cent at June 2010 due to the Karstadt-Quelle insolvency, excluding which the vacancy rate would have improved by 0.8 percentage points to 9.9 per cent. Considerable progress was achieved in France where a number of letting successes have reduced the vacancy rate to 9.8 per cent (31 December 2009: 13.1 per cent), and in Poland where the vacancy rate had reduced to 8.8 per cent at 30 June 2010, and by a further 4.6 percentage points following the signing of the Kaufland letting mentioned above (12.5 per cent at 31 December 2009). This compares very favourably with the Polish industry-wide 16.9 per cent vacancy rate and reflects the quality and location of SEGRO's assets.

Heathrow portfolio significantly enhanced through APP transactions

In June, the Group completed the acquisition of a 50 per cent interest in APP from BAA for £111.5 million cash. APP is a 50/50 joint venture with Aviva Investors focussed on airport related industrial assets in and around major UK airports with 73 per cent of the portfolio by value in the Heathrow area. At the time of acquisition, the APP portfolio included seventeen direct property assets and three indirect investments with the direct assets comprising an area of 325,160 sq m. The portfolio had a low vacancy rate and an average unexpired lease length of 13.4 years.

The acquisition price implied a portfolio valuation of £446.6 million (on a 100 per cent ownership basis excluding indirect investments), a net equivalent yield of 7.6 per cent, and a net initial yield of 6.0 per cent due to the existence of some assets on peppercorn rents reflected in the net reversionary yield of 8.3 per cent. SEGRO has taken over the asset management of the portfolio.

On 25 June 2010, SEGRO completed the injection of £237.1 million of assets into the APP joint venture at a net initial and net equivalent yield of 5.1 per cent and 7.2 per cent respectively, giving an enlarged portfolio value of £683.7 million (at 100 per cent). APP funded the acquisition through drawing on committed debt facilities together with £70.3 million of new equity injected from each partner. In aggregate, the two transactions generated net cash proceeds of £55.3 million for SEGRO (before acquisition costs).

The long term dynamics of the Heathrow market remain very positive. Supply is limited in key locations both airside and close to the airport perimeter and access points while demand is growing as air freight volumes recover. The APP transaction considerably strengthens SEGRO's position in this attractive core market where the Group's portfolio under management has grown from £273 million at 30 June 2009 to £1.1 billion at 30 June 2010. The high quality APP portfolio includes valuable assets inside the airport perimeter which complement SEGRO's existing asset base close to the airport allowing SEGRO to manage customer requirements both air and land side and there is significant potential to drive additional value by actively managing the SEGRO and APP Heathrow assets side-by-side through: delivering economies of scale; development opportunities; and the potential re-gearing of existing leases.

Development activity focused on pre-lets

Reflecting the current economic climate, SEGRO's development activity has remained predominantly focused on pre-lets and in the half the Group delivered 39,000 sq m of development completions all of which were in the UK, representing £6.9 million of annualised rental income. Of these completions, 75.0 per cent by annualised rental income have already been let or sold. The Group had no assets under construction as at 30 June 2010.

During the half year there has been a growth in the level of enquiries for pre-lets. In the UK, interest is strongest in the South East where eleven are agreed or at various stages of negotiation. In Continental Europe, four pre-lets are agreed or at various stages of negotiations. In aggregate these fifteen projects relate to approximately £145.0 million of capital expenditure and potential annual rental income of around £20.0 million.

Subject to market conditions, the Group expects to commence speculative development of a number of small light industrial schemes in Continental Europe in the second half of the year with potential projects planned in Dusseldorf and Berlin (Germany) and Lodz (Poland) where SEGRO has excellent development sites and where there is a shortage of good quality light industrial space combined with robust market demand.

Disposals of £320.7 million in the first half

In the six months, SEGRO completed £320.7 million of disposals (including the £237.1 million injection of SEGRO assets into APP) at an average 4.3 per cent initial yield and a £3.8 million profit against book value. This included the sale to Fluor of one building as part of their new premises at IQ Farnborough for net proceeds of £18.7 million, the sale of 13 acres of land at Farnborough to TAG for net proceeds of £14.3 million and the sale of The Hub, Heywood Distribution Park, to Fowler Welch Coolchain for net proceeds of £13.6 million.

Robust financial position further enhanced by £271.0 million new and extended bank facilities

SEGRO is committed to continuing to prudently manage the Group's financial position and in the half year negotiated £271.0 million in aggregate of new and extended bank facilities. This has moved the weighted average maturity of the Group's debt from 9.5 years to 9.7 years. Net debt was £2,254.6 million at 30 June 2010, down £165.5 million from 31 December 2009 and gearing reduced to 83 per cent from 91 per cent at 31 December 2009. The Group could absorb a decline in property valuations of more than 25 per cent before the tightest of its financial gearing covenants would be breached. In addition, with just 20 per cent of net debt at floating rates, the SEGRO's exposure to interest rate increases is limited.

As at 30 June 2010, 31.6 per cent of the Group's assets were denominated in foreign currency (principally euros), of which 69 per cent were hedged by foreign currency denominated liabilities. For the six months approximately 36.3 per cent of adjusted earnings after tax were denominated in foreign currency. The weakening of the euro relative to sterling towards the end of the half reduced NAV by approximately £40 million (6 pence per share) whilst earnings were not significantly impacted.

Further details of the financial position, including sensitivities to interest rate and currency fluctuations are provided in the financial review.

Dividends

The Directors have declared an interim dividend of 4.7 pence per share (H1 2009: 4.6 pence), which will be paid as a normal cash dividend, rather than as a PID, on 8 October 2010 to shareholders on the register as at 10 September 2010. There will be no scrip alternative. Shareholders who elected for scrip dividends need take no action.

Outlook

SEGRO's strategy remains to create shareholder value by focussing on its core markets with a high quality portfolio concentrated in and around major business centres and transportation hubs, by applying a simple business model to 'buy smart, add value and sell well' and by using an efficient capital structure.

During the half year, against a backdrop of weak occupier markets, SEGRO has continued to make progress with good lettings momentum and a significantly portfolio-enhancing transaction. Looking to the second half, there has been a pick up in enquiries and pre-let discussions in core markets for the Group such as Park Royal, Heathrow and Slough Trading Estate in the UK as well as France, Germany and Poland and the activity and confidence levels amongst SEGRO's customer base appear to be improving.

Looking ahead, the SEGRO management team will continue to focus on improving occupancy through letting up vacant space and minimising takebacks, capitalising on opportunities to profitably grow and improve the portfolio and prudently managing the Group's financial position. Reducing vacancy continues to present the most significant medium term opportunity for the Group. As an illustration, if the Group can reduce the annual vacancy across the portfolio to the historic trend level of around 10.0 per cent, SEGRO estimates this would increase net rental income by approximately £24.0 million at current rental values (including savings on empty property costs). The Group has a strong development pipeline with active negotiations ongoing for a number of near term opportunities and a well located and prudently valued land bank with the potential to add further significant value.

The broader macro economic environment remains uncertain and it is still too early to be certain that the recovery we are seeing is sustainable. Actions taken in the first half of the year, including the APP transactions have further enhanced SEGRO's high quality, well located portfolio and the Group is well positioned to benefit as underlying markets recover.

Valuation data – completed properties

	Valuation				Valuation movement[1]		
	Investment properties £m	Trading properties £m	Joint ventures £m	Total £m	Total %	Net initial yield – topped up %	Net true equivalent yield %
UK							
By asset type							
Logistics warehousing	160.6	–	73.3	233.9	7.7	5.4	7.2
Other business space	2,431.9	10.6	367.9	2,810.4	2.0	6.4	8.1
Offices	494.9	4.9	–	499.8	3.6	7.5	7.8
	3,087.4	**15.5**	**441.2**	**3,544.1**	**2.5**	**6.6**	**8.0**
By geography							
Thames Valley	1,302.4	5.0	–	1,307.4	2.6	7.1	8.0
London Markets	1,104.2	1.6	441.2	1,547.0	2.5	5.8	7.8
National Markets	680.8	8.9	–	689.7	2.5	7.3	8.7
	3,087.4	**15.5**	**441.2**	**3,544.1**	**2.5**	**6.6**	**8.0**
Continental Europe							
By asset type							
Logistics warehousing	416.9	108.3	12.5	537.7	0.9	7.4	8.4
Other business space	556.3	102.1	11.9	670.3	(3.0)	6.6	7.7
Offices	170.8	–	–	170.8	(2.2)	5.9	6.7
	1,144.0	**210.4**	**24.4**	**1,378.8**	**(1.4)**	**6.8**	**7.9**
By geography							
Belgium	180.7	–	24.4	205.1	(1.4)	6.0	7.1
The Netherlands	70.7	–	–	70.7	(1.7)	6.3	7.8
Germany	280.5	118.4	–	398.9	(3.9)	6.4	7.6
France	319.0	40.9	–	359.9	(0.3)	7.0	8.2
Italy	81.8	17.9	–	99.7	(5.7)	7.3	6.9
Spain	1.0	16.1	–	17.1	(6.8)	8.8	7.7
Poland	176.8	12.4	–	189.2	4.4	8.1	8.8
Czech Republic	33.5	4.7	–	38.2	2.4	8.6	9.3
	1,144.0	**210.4**	**24.4**	**1,378.8**	**(1.4)**	**6.8**	**7.9**
Group total	**4,231.4**	**225.9**	**465.6**	**4,922.9**	**1.4**	**6.6**	**8.0**

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

Lettings analysis

	Area (000's sq m)				Rent pa (£m)[2]			
	Lettings[1]		Space returned		Lettings[1]		Space returned	
	H1 2010	H1 2009	H1 2010	H1 2009	H1 2010	H1 2009	H1 2010	H1 2009
UK								
Lettings of new developments	27.4	10.9			5.1	1.5		
Existing vacant	131.3	67.5			9.2	4.6		
	158.7	**78.4**	**143.3**	**147.2**	**14.3**	**6.1**	**9.9**	**9.4**
Continental Europe								
Lettings of new developments	4.9	122.4			0.2	5.3		
Existing vacant	165.8	62.8			5.5	2.7		
	170.7	**185.2**	**266.0**[3]	**39.8**	**5.7**	**8.0**	**9.3**[3]	**2.0**
Group total	**329.4**	**263.6**	**409.3**[3]	**187.0**	**20.0**	**14.1**	**19.2**[3]	**11.4**

1 Lettings exclude lease renewals, unexpired break options and income from short term license agreements.

2 Annualised rental income, after the expiry of any rent free periods.

3 Of which, £4.6 million and 162,200 sq m relates to Karstadt–Quelle which became insolvent in H2 2009.

Vacancy analysis

	30-Jun-10 Total %	31-Dec-09 Total %
UK		
Logistics warehousing	**21.5**	12.6
Other business space	**14.9**	16.4
Offices	**11.4**	8.0
	14.7	14.8
Brixton portfolio	**21.5**	22.1
SEGRO (excluding Brixton)	**11.5**	10.8
	14.7	14.8
Continental Europe		
Logistics warehousing	**11.2**	6.4
Other business space	**14.0**	14.7
Offices	**9.2**	13.6
	12.4	10.7
Group		
Logistics warehousing	**14.1**	8.0
Other business space	**14.7**	16.1
Offices	**11.0**	9.5
Group total	**14.0**	13.5

Weighted average lease length[1]

	Break years	Expiry years
Lease length		
UK	6.3	8.6
Continental Europe	4.7	6.9
Group total	**5.8**	**8.1**

1 Weighted by passing rent.

Reconciliation between passing rent and ERV

	UK £m	Continental Europe £m	Group £m
Total passing rent[1] as at 30 June 2010	232.9	101.0	333.9
Passing rent of rent frees on let properties at 30 June 2010	26.5	8.1	34.6
ERV of vacant properties	45.0	14.8	59.8
Reversion to ERV of occupied properties	1.8	(4.2)	(2.4)
ERV of entire portfolio	**306.2**	**119.7**	**425.9**

1 Gross before the deduction of any property operating expenses.

Development pipeline

	Space to be built sq m	Current book value[1] £m	Estimated cost to completion[2] £m	Total estimated book value at completion £m	ERV when complete[3] £m	Indicative yield[4] %
Current projects						
UK	24,044	10.4	27.2	37.6	3.6	9.6
Continental Europe	47,785	6.6	29.9	36.5	3.4	9.3
	71,829	**17.0**	**57.1**	**74.1**	**7.0**	**9.4**
Pre-let					86%	
Potential projects						
UK	276,658	95.2	265.2	360.4	37.4	10.4
Continental Europe	1,559,907	172.3	690.1	862.4	80.4	9.3
	1,836,565	**267.5**	**955.3**	**1,222.8**	**117.8**	**9.6**
Awaiting development plans						
UK	–	44.6	–	44.6	–	–
Continental Europe	–	60.9	–	60.9	–	–
	–	**105.5**	**–**	**105.5**	**–**	**–**
Total development pipeline						
UK	300,702	150.2	292.4	442.6	41.0	9.3
Continental Europe	1,607,692	239.8	720.0	959.7	83.8	8.7
Group total	**1,908,394**	**390.0**	**1,012.4**	**1,402.3**	**124.8**	**8.9**

1 Includes land plus all costs incurred to date which are revalued during the development period. Note that as developments are revalued during the construction phase, yields will tend towards the yield for a completed investment property as each development nears completion.

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

3 ERV based upon market rents as at 30 June 2010.

4 Indicative yield is the expected gross yield based on estimated rental value when fully let, divided by the current book value, plus estimated remaining costs to complete.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The Group views effective risk management as integral to delivering SEGRO's strategic priorities. The process for identifying, assessing and reviewing risks faced by the Group is described in the Corporate Governance section on pages 65 to 66 of the 2009 Annual Report.

A summary of the principal risks and uncertainties for the second half of 2010 is provided below. There are no significant changes from those presented in the 2009 Annual Report (pages 34 to 37), which includes more information about the risks and mitigating activity.

A summary of the principal risks and uncertainties:

1. Strategic Risks

An ineffective or poorly executed strategy may damage shareholder value or fail to meet shareholder expectations. Strategic risks include:

- Our ability to anticipate and take advantage of the economic environment; and
- Our ability to drive value from real estate assets in new and existing territories.

2. Financial Risks

Financial risks threaten the Group's capacity to meet its financial objectives and potentially its ability to operate as a going concern. Financial risks include:

- The potential for a fall in asset values which in turn could lead to a breach of financial covenants;
- A change in the cost or availability of debt; and
- Foreign exchange rate changes affecting the sterling value of Continental European assets and earnings.

3. Real Estate and Development Risks

Real estate and development risks may impact income and the value of the Group's property assets. Risks in this category include:

- A potential loss of income and increased vacancy due to customer default or falling demand;
- Customer requirements change rendering some properties obsolete;
- A failure to acquire or dispose of assets at attractive prices; and
- A decline in the value of property assets.

4. Operational Risks

The Group's ability to maintain its reputation, revenue and value could be damaged by operational risks, which include:

- Health and Safety incidents;
- Environmental and Sustainability risks;
- Business systems failures or IT disruption;
- Issues stemming from suppliers or business partners; and
- Failing to attract or retain key staff.

FINANCIAL REVIEW

Highlights

	30 June 2010	30 June 2009	31 December 2009
Total property return (%)	**4.2**	(8.9)	(1.0)
Net asset value (NAV) per share (p)	**358**	341	354
Adjusted net asset value (Adjusted NAV) per share (p)	**366**	353	362
Realised and unrealised property gain/(loss) (£m)	**65.1**	(521.6)	(344.0)
Earnings/(loss) per share (EPS) (p)	**20.8**	(113.2)	(41.3)
Adjusted earnings per share (Adjusted EPS) (p)	**8.7**	11.1	18.3
Profit/(loss) before tax (£m)	**148.9**	(493.3)	(248.1)
Adjusted profit before tax – recurring rental profits (£m)	**64.3**	49.1	104.3

Total property return

Total property return is a measure of the ungeared return from the portfolio and is calculated as the total realised and unrealised property gain or loss plus net rental income, expressed as percentage of capital employed.

Total property return for the period was 4.2 per cent, a significant improvement on the return for the same period in 2009 and is largely attributable to the unrealised valuation gain recognised in the period compared to a valuation deficit in 2009.

NAV and adjusted NAV

A reconciliation of adjusted net assets attributable to ordinary shareholders and total net assets attributable to ordinary shareholders is provided in note 11 to the Accounts.

Adjusted NAV per share at 30 June 2010 was 366 pence, compared with 362 pence as at 31 December 2009. The increase is predominantly due to growth in property values, recurring rental profits for the period and gains on derivatives, offset by dividends paid and the impact of exchange rate movements.

	£m	**Number of shares (m)**	**Pence per share**
Adjusted net assets attributable to ordinary shareholders at 31 December 2009	2,652.6	733.2	362
Realised and unrealised property gain	65.1		9
Adjusted profit before tax	64.3		9
Dividends (2009 final)	(46.5)		(6)
Dilutive impact of scrip dividend	–		(4)
Net fair value gain on derivatives	22.3		3
Exchange rate movement	(39.7)		(6)
Other	(9.7)		(1)
Adjusted net assets attributable to ordinary shareholders at 30 June 2010	**2,708.4**	**740.3**	**366**

Realised and unrealised property gain/(loss)

A total realised and unrealised gain on property of £65.1 million (H1 2009: £521.6 million loss) has been recognised during the period, which includes an unrealised valuation surplus on investment properties of £64.5 million (H1 2009: £492.0 million deficit). Profits of £2.0 million and £1.8 million arose on the disposals of investment and trading properties, respectively, whilst impairment provisions of £3.6 million were recorded against remaining trading properties as their fair values are deemed to be less than their original cost. The total realised and unrealised gain on property for the period is further analysed in note 6 to the Accounts. A property gain of £10.4 million (H1 2009: £7.9 million loss) is also included within the share of profit from joint ventures.

The Group's overall trading property portfolio (including share of joint ventures) has an unrealised valuation surplus of £30.1 million at 30 June 2010, which has not been recognised in the financial statements (H1 2009: £30.1 million) as they are recorded at the lower of cost or fair value.

EPS and adjusted EPS

EPS on an IFRS basis were 20.8 pence, compared with a loss per share of 113.2 pence in H1 2009 with the main reason for the turnaround being the property valuation gains in 2010 compared with losses in 2009.

Adjusted EPS is an alternative profit metric used by the Board, which arises follows the recommendations of the Best Practices Committee of the European Public Real Estate Association (EPRA) and highlights the underlying performance of the property rental business.

Adjusted EPS of 8.7 pence per share is lower than the same period in 2009 of 11.1 pence per share as a result of the dilutive impact of the rights issue that occurred in April 2009. While earnings have increased in 2010, the rights issue occurred part way through the previous period and, accordingly, the weighted average number of shares was much lower in 2009 than in 2010.

Adjusted profit before tax – recurring rental profits

Adjusted profit before tax, or recurring rental profits, can be analysed as follows:

	H1 2010 £m	H1 2009 £m
Gross rental income	**179.6**	155.4
Property operating expenses	**(35.3)**	(25.7)
Net rental income	**144.3**	129.7
Administration expenses	**(17.7)**	(16.1)
Share of joint ventures' recurring rental profits	**2.6**	1.0
Adjusted operating profit before interest and tax	**129.2**	114.6
Net finance costs excluding fair value movements on derivatives	**(64.9)**	(65.5)
Adjusted profit before tax	**64.3**	49.1

Adjusted profit before tax increased by £15.2 million compared to the same period in 2009, primarily due to the impact of the Brixton acquisition and other acquisitions and disposals which drove a significant increase in net rental income, as described below.

A reconciliation between adjusted profit before tax and IFRS profit/(loss) before tax is provided in note 2 to the Accounts.

Net rental income

Net rental income for the period grew by £14.6 million, with an increase in the UK of £21.7 million (28.5 per cent), offset by a decrease in Continental Europe of £7.1 million (13.3 per cent). The key drivers of the increase in net rental income are set out in the table below.

In the UK, the net impact of acquisitions and disposals caused an increased net rental income of £17.9 million. The Brixton acquisition contributed £29.0 million to the increase (£25.8 million is reflected in the properties acquired line, with £0.6 million from lease surrender premiums, while £2.6 million is included in the properties sold line as some of the acquired Brixton assets have since been sold to the APP joint venture), offset by the loss of income due to other disposals. The remaining increase is largely a result of development lettings and surrender premiums, offset by a reduction in like for like rents as a result of rent lost from takebacks and insolvencies.

In Continental Europe, the decrease in net rental income is due to a reduction in like for like rent (£4.9 million), disposals (£2.4 million) and exchange rate movements (£1.4 million), offset by an increase in development lettings (£1.6 million) . The reduction in like for like rent is largely a result of rent lost from the insolvency of Karstadt-Quelle in Germany and the takeback of some space from Neckerman also in Germany, combined with higher unrecoverable costs from those properties being vacant.

	United Kingdom		**Continental Europe**		**Group**	
Like for like rental income	**30 June 2010 £m**	30 June 2009 £m	**30 June 2010 £m**	30 June 2009 £m	**30 June 2010 £m**	30 June 2009 £m
Completed properties owned throughout both periods (like for like rents)	**55.3**	56.2	**43.1**	48.0	**98.4**	104.2
Development lettings	**3.5**	–	**3.1**	1.5	**6.6**	1.5
Properties taken back for development	**0.5**	1.2	**–**	–	**0.5**	1.2
Net rental income pre acquisitions /disposals	**59.3**	57.4	**46.2**	49.5	**105.5**	106.9
Properties acquired	**25.8**	–	**–**	–	**25.8**	–
Properties sold	**5.7**	13.6	**0.2**	2.6	**5.9**	16.2
Net rental income before surrenders, dilapidations and exchange	**90.8**	71.0	**46.4**	52.1	**137.2**	123.1
Lease surrender premiums and dilapidations	**6.9**	3.7	**–**	–	**6.9**	3.7
Rent lost from lease surrenders	**0.2**	1.5	**–**	–	**0.2**	1.5
Exchange rate movement	**–**	–	**–**	1.4	**–**	1.4
Net rental income per accounts	**97.9**	76.2	**46.4**	53.5	**144.3**	129.7

Total costs

The Group is focused on carefully managing its cost base and regards the total cost ratio as a key measure of performance. The total cost ratio is calculated by expressing the sum of property operating expenses (net) and administration expenses (excluding exceptional items) as a percentage of gross rental income and includes the Group's share of costs and revenue from joint ventures.

The total cost ratio for the six months ended 30 June 2010 was 28.7 per cent compared to 29.9 per cent for the year ended 31 December 2009 and 26.5 per cent for the six months ended 30 June 2009. The increase compared to 30 June 2009 principally reflects the impact of the Brixton acquisition which has a much higher vacancy rate (and hence higher vacant property costs) than the remaining portfolio. Excluding empty property costs, the cost ratio for the six months ended 30 June 2010 was 21.2 per cent (6 months ended 30 June 2009: 20.7 per cent).

Net finance costs

Excluding fair value gains and losses on interest rate swaps and currency derivatives, net finance costs were £64.9 million, consistent with £65.5 million incurred for the six months ended 30 June 2009. Despite a number of significant transactions that occurred over the last 18 months that impact one or both periods, including the rights issue in April 2009, the Brixton acquisition in August 2009 and the issue of a £300 million bond in November 2009, the Group has maintained broadly consistent average interest rates and net debt levels, resulting in a stable net finance cost in comparison to the prior period.

An unrealised net gain on the fair value of interest rate swaps and other derivatives of £22.3 million (H1 2009: £15.6 million loss) has arisen in the period, which is mainly attributable to the decrease in sterling interest rates during the period.

Underlying tax rate

The underlying tax rate at 30 June 2010 on a recurring profits basis was 2.3 per cent, slightly better than the range of 3 to 5 per cent targeted by the Group and reflecting a favourable geographical mix of profits. The Group's target tax range reflects the tax exempt status as a REIT in the UK and a SIIC in France.

The overall tax position for the period was a credit of £3.1 million (H1 2009: £12.3 million) which included the benefit of provision releases related to the prior year.

Cash flow

A summary of the cash flow for the period is set out in the table below:

	H1 2010 £m	H1 2009 £m
Cash flow from operations	**104.2**	70.0
Net finance costs	**(66.5)**	(74.9)
Dividends received	**2.4**	11.4
Tax paid	**(2.3)**	(5.0)
Free cash flow	**37.8**	1.5
Capital expenditure (excluding trading properties)	**(14.0)**	(86.3)
Investment property sales (including joint ventures)	**288.3**	109.8
Investment in joint ventures	**(183.7)**	-
Net decrease/(increase) in loans to joint ventures	**3.6**	(1.3)
Dividends paid (excluding related withholding tax)	**(41.8)**	(25.1)
Rights issue proceeds	**–**	500.3
Cost of derivatives close out	**–**	(64.4)
Other items	**(0.2)**	(1.3)
Net funds flow	**90.0**	433.2
Net decrease in borrowings	**(110.4)**	(525.1)
Net cash outflow	**(20.4)**	(91.9)
Opening cash and cash equivalents	**111.9**	162.5
Exchange rate movements	**(0.4)**	(16.2)
Closing cash and cash equivalents	**91.1**	54.4

Free cash flow generated from operations for the period was £37.8 million, an increase of £36.3 million from 2009. This is primarily due to the increase in net rental income following the Brixton acquisition and changes in working capital compared to the first half of 2009.

Other significant movements include proceeds received from investment property sales (in particular to APP), offset by outflows in respect of the acquisition of the 50 per cent interest in the APP joint venture, dividend payments and the reduction of borrowings, including the repayment of a £125 million bond. As a result of the bond repayment, there was a net cash outflow of £20.4 million (H1 2009: £91.9 million) during the period.

Capital expenditure / divestment

The Group has taken a cautious approach to the deployment of capital over the past 2 years; accordingly, during the first half of 2010, there was a net divestment of capital amounting to £111.3 million, compared with a net divestment of £20.2 million in the first half of 2009.

During the period, the Group acquired a 50 per cent interest in APP for £111.5 million and sold a number of assets into the venture for net proceeds of £237.1 million. The Group generated net cash proceeds of £55.3 million (before acquisition costs of £13.8 million) from the these transactions after allowing for a £70.3 million equity contribution into APP to fund SEGRO's share of the acquisition of the £237.1 million assets referred to above.

	H1 2010 £m	H1 2009 £m
Capital expenditure		
Development expenditure on investment properties	**13.1**	84.0
Expenditure on trading properties	**12.6**	13.7
Investment in joint ventures and Group share of expenditure on joint venture properties	**183.7**	–
Total capital expenditure	**209.4**	97.7
Less sales proceeds from disposals of:		
Investment properties	**(277.0)**	(116.9)
Trading properties	**(32.4)**	(1.0)
Joint venture properties	**(11.3)**	–
Net capital divestment	**(111.3)**	(20.2)

Financial position and funding

As at 30 June 2010, the Group's net borrowings were £2,254.6 million (31 December 2009: £2,420.1 million) comprising gross borrowings of £2,345.7 million (31 December 2009 £2,532.8 million) and cash balances of £91.1 million (31 December 2009: £112.7 million). The reduction in net debt is largely attributable to disposals during the first half of 2010 and foreign exchange movements as a result of the weakening of the euro against sterling during the six months to 30 June 2010.

During the six months to 30 June 2010, the Group agreed new and extended bank facilities amounting to £271.0 million. At 30 June 2010 the weighted average maturity of the gross borrowings of the Group was 9.7 years (31 December 2009: 9.5 years).

The Group has maintained a strong liquidity position to enable it to meet its liabilities as they fall due. At 30 June 2010, funds availability was £782.7 million comprising £91.1 million of cash and £691.6 million of undrawn facilities, of which, £15.7 million were uncommitted. Total debt maturities (bonds, notes and bank facilities) before the end of 2011 are £315.3 million, whilst authorised and committed capital expenditure at 30 June 2010 was £71.5 million. Substantial committed headroom exists to meet these and any other funding requirements with funds availability exceeding such commitments by more than £390 million.

Gearing and financial covenants

The loan to value ratio (net debt divided by property assets) was 47 per cent at 30 June 2010 (31 December 2009: 47 per cent).

The adjusted gearing ratio (consolidated net debt divided by consolidated net worth with deferred tax added back) was 83 per cent at 30 June 2010 (31 December 2009: 91 per cent), significantly lower than the Group's tightest financial gearing covenant of 160 per cent. Property valuations would need to fall, on average, by more than 25 per cent from their 30 June 2010 values to reach the gearing covenant threshold of 160 per cent.

The Group's other key financial covenant is interest cover requiring that net interest before capitalisation be covered at least 1.25 times by property rental income. The Group comfortably met this ratio at 30 June 2010 at 2.1 times (31 December 2009: 2.0 times).

Interest rate exposure

Group policy is that between 60 and 100 per cent of net borrowings should be at a fixed or capped rate of interest. As at 30 June 2010, 80 per cent (31 December 2009: 82 per cent) of the Group's net borrowings were at a fixed or capped rate of interest, within policy limits.

At 30 June 2010, including the impact of interest rate swaps, £1,802.2 million of gross borrowings were at fixed or capped rates at an average rate of 5.9 per cent and the average period of fixing was 9.7 years. Floating rate gross borrowings were at an average rate at 30 June 2010 (including margin) of 2.7 per cent giving a weighted average interest rate for gross borrowings at that date (before commitment fees and amortised costs) of 5.1 per cent, or 5.5 per cent after allowing for such items.

If short-term interest rates had been 1 per cent higher throughout the 6 month period to 30 June 2010, the adjusted net finance cost of the Group would have increased by approximately £2.2 million, representing 3 per cent of adjusted profit before tax.

Foreign currency translation exposure

Due to the nature of the Group's business it has no cross-border trading transactions and therefore, foreign exchange transaction exposure is not significant. However, it does have operations located overseas which transact business in the domestic currency of the country in which the business is located, mostly in euros. The Group's main currency exposure therefore is the translation risk associated with converting foreign currency assets, liabilities and income back into sterling in the Group consolidated accounts at each balance sheet date and for each period. As at 30 June 2010, the Group had foreign currency assets amounting to £1,694 million, which were 69 per cent hedged by foreign currency denominated liabilities of £1,165 million.

A 10 per cent movement in the value of sterling against all currencies in which the Group operates would change net assets by approximately £48 million and adjusted gearing by approximately 2 per cent, after allowing for foreign currency liabilities and the impact of forward foreign exchange contracts used to hedge foreign currency denominated net assets.

The average exchange rate for the period was €1.15: £1, compared with €1.12: £1 for the first half of 2009; however, the euro rate declined to €1.22: £1 at the period end. Had that rate applied for the whole of the period, the adjusted profit after tax for the six months ended 30 June 2010 would have been £1.3 million (2 per cent) lower. The pro-forma net currency translation impact on the Group of each 10 cents movement in the average €/£ exchange rate is approximately £3.6 million per annum.

Going concern

The Group has a strong cash flow and liquidity position, a favourable debt maturity profile, significant headroom against financial covenants and can reasonably expect to be able to continue to have good access to capital markets and other sources of funding.

Having made enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these condensed financial statements.

Responsibility statement

We confirm to the best of our knowledge:

the condensed set of financial statements has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’, as approved by the European Union;

the half-yearly 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

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

A list of the current Directors of SEGRO plc is maintained on the website at www.segro.com.

By order of the Board

Ian Coull	David Sleath
Chief Executive	Finance Director
25 August 2010	25 August 2010

Independent review report to SEGRO plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 which comprises the condensed Group income statement, the condensed Group balance sheet, the condensed Group statement of comprehensive income, the condensed Group statement of changes in equity, the condensed Group cash flow statement and related notes 1 to 16. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in the independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”, as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board of use in the United Kingdom. A review of interim financial information consists of making inquiries, 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 Ireland) 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom’s Financial Services Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditors
London, UK
25 August 2010

CONDENSED GROUP INCOME STATEMENT

For the six months ended 30 June 2010

	Notes	**Half year to 30 June 2010 (unaudited) £m**	Half year to 30 June 2009 (unaudited) £m	Year to 31 December 2009 £m
Revenue	3	**227.2**	168.4	365.5
Gross rental income	3	**179.6**	155.4	328.4
Property operating expenses	4	**(35.3)**	(25.7)	(59.0)
Net rental income		**144.3**	129.7	269.4
Administration expenses		**(17.7)**	(16.1)	(48.1)
Share of profit/(loss) from joint ventures after tax	5	**13.3**	(6.3)	4.6
Realised and unrealised property gain/(loss)	6	**64.8**	(519.5)	(342.0)
(Loss)/gain on sale of investment in joint ventures		**(1.4)**	–	12.9
Other investment income/(loss)		**2.0**	–	(8.0)
(Amounts written off)/gain recognised on acquisitions		**(13.8)**	–	8.6
Operating profit/(loss)		**191.5**	(412.2)	(102.6)
Finance income	7	**39.9**	2.5	13.6
Finance costs	8	**(82.5)**	(83.6)	(159.1)
Profit/(loss) before tax		**148.9**	(493.3)	(248.1)
Tax	9	**3.1**	12.3	14.0
Profit/(loss) after tax		**152.0**	(481.0)	(234.1)
Attributable to equity shareholders		**153.0**	(480.1)	(233.1)
Attributable to non-controlling interests		**(1.0)**	(0.9)	(1.0)
		152.0	(481.0)	(234.1)
Earnings per share				
Basic and diluted earnings/(loss) per share	11	**20.8p**	(113.2)p	(41.3)p

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	Notes	**Half year to 30 June 2010 (unaudited) £m**	Half year to 30 June 2009 (unaudited) £m	Year to 31 December 2009 £m
Profit/(loss) for the period		**152.0**	(481.0)	(234.1)
Other comprehensive income				
Foreign exchange movement arising on translation of international operations		**(39.7)**	(54.8)	(35.5)
Valuation surplus/(deficit) on owner occupied properties	6	**0.3**	(2.1)	(2.0)
Actuarial loss on defined pension schemes		**(9.3)**	(9.2)	(3.8)
Increase/(decrease) in value of available-for-sale investments		**4.6**	(9.6)	–
Tax on items taken directly to equity		**–**	2.5	1.9
Net loss recognised directly in equity		**(44.1)**	(73.2)	(39.4)
Transfer to income statement on sale and impairment of available-for-sale investments		**(2.8)**	–	(1.9)
Total comprehensive profit/(loss) for the period		**105.1**	(554.2)	(275.4)
Attributable to – equity shareholders		**106.1**	(553.3)	(274.4)
– non-controlling interests		**(1.0)**	(0.9)	(1.0)
Total comprehensive profit/(loss) for the period		**105.1**	(554.2)	(275.4)

CONDENSED GROUP BALANCE SHEET

As at 30 June 2010

	Notes	**30 June 2010 (unaudited) £m**	30 June 2009 (unaudited) £m	31 December 2009 £m
Assets				
Non-current assets				
Goodwill and other intangibles		**1.8**	0.9	1.0
Investment properties	12	**4,537.0**	3,613.0	4,825.3
Owner occupied properties		**8.1**	8.1	8.1
Plant and equipment		**7.0**	10.0	7.5
Investments in joint ventures	5	**252.8**	47.8	79.3
Finance lease receivables		**8.8**	9.2	8.9
Available-for-sale investments		**31.3**	29.5	25.9
		4,846.8	3,718.5	4,956.0
Current assets				
Trading properties		**293.9**	321.2	337.8
Trade and other receivables		**124.5**	149.7	109.2
Cash and cash equivalents		**91.1**	72.4	112.7
Tax recoverable		**2.3**	4.3	3.6
		511.8	547.6	563.3
Total assets		**5,358.6**	4,266.1	5,519.3
Liabilities				
Non-current liabilities				
Borrowings	13	**2,242.2**	1,825.2	2,187.6
Deferred tax provision	14	**55.8**	54.1	56.9
Other provisions for liabilities and charges		**25.4**	16.1	16.3
Trade and other payables		**21.1**	16.5	15.4
		2,344.5	1,911.9	2,276.2
Current liabilities				
Borrowings	13	**103.5**	201.9	345.2
Tax liabilities		**36.4**	22.2	41.2
Trade and other payables		**221.3**	198.9	263.5
		361.2	423.0	649.9
Total liabilities		**2,705.7**	2,334.9	2,926.1
Net assets		**2,652.9**	1,931.2	2,593.2
Equity				
Share capital		**74.2**	56.8	73.5
Share premium		**1,069.4**	818.5	1,047.6
Capital redemption reserve		**113.9**	113.9	113.9
Own shares held		**(13.5)**	(13.3)	(13.5)
Revaluation reserve		**0.4**	–	0.1
Other reserves		**173.5**	12.2	196.8
Retained earnings		**1,235.3**	942.3	1,174.1
Total shareholders' equity		**2,653.2**	1,930.4	2,592.5
Non-controlling interests		**(0.3)**	0.8	0.7
Total equity		**2,652.9**	1,931.2	2,593.2
Net assets per ordinary share				
Basic and diluted	11	**358p**	341p	354p

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

(unaudited)	Balance 1 January 2010 £m	Exchange movement £m	Retained profit £m	Items taken directly to reserves £m	Shares issued £m	Other £m	Dividend paid £m	Transfers £m	Balance 30 June 2010 £m
Ordinary share capital	**73.5**	**–**	**–**	**–**	**0.7**	**–**	**–**	**–**	**74.2**
Share premium	**1,047.6**	**–**	**–**	**–**	**21.8**	**–**	**–**	**–**	**1,069.4**
Capital redemption reserve	**113.9**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**113.9**
Own shares held	**(13.5)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(13.5)**
Revaluation reserve[1]	**0.1**	**–**	**–**	**0.3**	**–**	**–**	**–**	**–**	**0.4**
Other reserves:									
Share based payments reserve	**2.6**	**–**	**–**	**–**	**–**	**1.1**	**–**	**(0.2)**	**3.5**
Fair value reserve for AFS[2]	**4.8**	**0.4**	**–**	**–**	**–**	**1.8**	**–**	**–**	**7.0**
Translation and other reserves	**20.3**	**(26.4)**	**–**	**–**	**–**	**–**	**–**	**–**	**(6.1)**
Merger reserve	**169.1**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**169.1**
Total other reserves	**196.8**	**(26.0)**	**–**	**–**	**–**	**2.9**	**–**	**(0.2)**	**173.5**
Retained earnings	**1,174.1**	**(13.7)**	**153.0**	**(9.3)**	**–**	**–**	**(69.0)**	**0.2**	**1,235.3**
Total equity attributable to equity shareholders	**2,592.5**	**(39.7)**	**153.0**	**(9.0)**	**22.5**	**2.9**	**(69.0)**	**–**	**2,653.2**
Non-controlling interests	**0.7**	**–**	**(1.0)**	**–**	**–**	**–**	**–**	**–**	**(0.3)**
Total equity	**2,593.2**	**(39.7)**	**152.0**	**(9.0)**	**22.5**	**2.9**	**(69.0)**	**–**	**2,652.9**

For the six months ended 30 June 2009

(unaudited)	Balance 1 January 2009 £m	Exchange movement £m	Retained loss £m	Items taken directly to reserves £m	Shares issued £m	Other £m	Dividend paid £m	Transfers[3] £m	Balance 30 June 2009 £m
Ordinary share capital	118.3	–	–	–	52.4	–	–	(113.9)	56.8
Share premium	370.6	–	–	–	447.9	–	–	–	818.5
Capital redemption reserve	–	–	–	–	–	–	–	113.9	113.9
Own shares held	(13.4)	–	–	–	–	0.1	–	–	(13.3)
Revaluation reserve[1]	438.4	(12.8)	–	(1.7)	–	–	–	(423.9)	–
Other reserves:									
Share based payments reserve	3.9	–	–	–	–	(0.2)	–	(1.2)	2.5
Fair value reserve for AFS 2	8.1	(0.4)	–	(7.5)	–	–	–	–	0.2
Translation and other reserves	24.6	(22.0)	–	–	–	–	–	6.9	9.5
Total other reserves	36.6	(22.4)	–	(7.5)	–	(0.2)	–	5.7	12.2
Retained earnings	1,057.0	(19.6)	(480.1)	(9.2)	–	(0.6)	(23.4)	418.2	942.3
Total equity attributable to equity shareholders	2,007.5	(54.8)	(480.1)	(18.4)	500.3	(0.7)	(23.4)	–	1,930.4
Non-controlling interests	1.7	–	(0.9)	–	–	–	–	–	0.8
Total equity	2,009.2	(54.8)	(481.0)	(18.4)	500.3	(0.7)	(23.4)	–	1,931.2

For the year ended 31 December 2009

	Balance 1 January 2009 £m	Exchange movement £m	Retained loss £m	Items taken directly to reserves £m	Shares issued £m	Other £m	Dividend paid £m	Transfers[3] £m	Balance 31 December 2009 £m
Ordinary share capital	118.3	–	–	–	(44.8)	–	–	–	73.5
Share premium	370.6	–	–	–	677.0	–	–	–	1,047.6
Capital redemption reserve	–	–	–	–	113.9	–	–	–	113.9
Own shares held	(13.4)	–	–	–	–	(0.1)	–	–	(13.5)
Revaluation reserve[1]	438.4	(11.1)	–	(1.2)	–	–	–	(426.0)	0.1
Other reserves:									
Share based payments reserve	3.9	–	–	–	–	1.1	–	(2.4)	2.6
Fair value reserve for AFS[2]	8.1	(0.7)	–	–	–	(2.6)	–	–	4.8
Translation and other reserves	24.6	(3.5)	–	–	–	–	–	(0.8)	20.3
Merger reserve	–	–	–	–	169.1	–	–	–	169.1
Total other reserves	36.6	(4.2)	–	–	169.1	(1.5)	–	(3.2)	196.8
Retained earnings	1,057.0	(20.2)	(233.1)	(3.8)	–	–	(55.0)	429.2	1,174.1
Total equity attributable to equity shareholders	2,007.5	(35.5)	(233.1)	(5.0)	915.2	(1.6)	(55.0)	–	2,592.5
Non-controlling interests	1.7	–	(1.0)	–	–	–	–	–	0.7
Total equity	2,009.2	(35.5)	(234.1)	(5.0)	915.2	(1.6)	(55.0)	–	2,593.2

1. The revaluation reserve is shown net of deferred tax.
2. AFS is the term used for "Available-for-sale investments" and is shown net of deferred tax.
3. In the prior period a transfer to reclassifying cumulative revaluation movements on investment and development properties from revaluation reserve to retained earnings was made.

CONDENSED GROUP CASH FLOW STATEMENT

For the six months ended 30 June 2010

	Note	**Half year to 30 June 2010 (unaudited) £m**	Half year to 30 June 2009 (unaudited) £m	Year to 31 December 2009 £m
Cash flows from operating activities	15	**104.2**	70.0	222.1
Interest received on deposits and loans		**1.4**	2.5	3.7
Dividends received		**2.4**	11.4	12.9
Interest paid		**(67.9)**	(77.4)	(148.4)
Tax paid		**(2.3)**	(5.0)	(11.0)
Net cash received from operating activities		**37.8**	1.5	79.3
Cash flows from investing activities				
Net cash inflow arising on the acquisition of Brixton		**–**	–	54.7
Purchase and development of investment properties		**(13.1)**	(84.0)	(187.5)
Sale of investment properties		**277.0**	109.8	396.2
Purchase of property, plant and equipment		**(0.9)**	(2.3)	(3.7)
Sale of property, plant and equipment		**–**	0.1	0.2
Purchase of available-for-sale investments		**(4.5)**	(1.9)	(2.3)
Proceeds from disposal of available-for-sale investments		**4.3**	0.5	2.9
Sale of investment in joint ventures		**11.3**	–	25.1
Investment in joint ventures		**(183.7)**	–	–
Net decrease/(increase) in loans to joint ventures		**3.6**	(1.3)	6.7
Net cash received from investing activities		**94.0**	20.9	292.3
Cash flows from financing activities				
Dividend paid to ordinary shareholders		**(41.8)**	(25.1)	(59.2)
Proceeds from new bonds and notes		**–**	–	296.2
Repayment of bonds and notes		**(125.0)**	(14.4)	–
Net increase/(decrease) in other borrowings		**14.6**	(510.7)	(675.7)
Cost of early closure of financial derivatives		**–**	(64.4)	(64.4)
Close out of Brixton debt and derivatives		**–**	–	(634.0)
Proceeds from the issue of ordinary shares		**–**	500.3	741.4
Net cash used in from financing activities		**(152.2)**	(114.3)	(395.7)
Net decrease in cash and cash equivalents		**(20.4)**	(91.9)	(24.1)
Cash and cash equivalents at the beginning of the period		**111.9**	162.5	162.5
Effect of foreign exchange rate changes		**(0.4)**	(16.2)	(26.5)
Cash and cash equivalents at the end of the period		**91.1**	54.4	111.9
Cash and cash equivalents per balance sheet		**91.1**	72.4	112.7
Bank overdrafts		**–**	(18.0)	(0.8)
Cash and cash equivalents per cash flow statement		**91.1**	54.4	111.9

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed financial statements for the six months ended 30 June 2010 were approved by the Board of Directors on 25 August 2010.

The condensed set of financial statements for the half year ended 30 June 2010 is unaudited and does not constitute statutory accounts within the meaning of S435 of the Companies Act 2006. The financial information contained in this report for the year ended 31 December 2009 does not constitute statutory accounts within the meaning of S435 of the Companies Act 2006 and has been extracted from the statutory accounts, which were prepared in accordance with EU-endorsed International Financial Reporting Standards (IFRSs) and were delivered to the Registrar of Companies. The auditors' opinion on these accounts was unqualified; did not draw attention to any matters 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 International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union.

The financial statements have been prepared on a going concern basis. This is discussed in the Financial Review.

The same accounting policies and presentation methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements.

The principal exchange rates used to translate foreign currency denominated amounts are:
Balance sheet: £1 = €1.22 (30 June 2009: £1 = €1.17; 31 December 2009: £1 = €1.13)
Income statement: £1 = €1.15 (30 June 2009: £1 = €1.12; 31 December 2009: £1 = €1.12)

The notes included within the condensed set of financial statements comprise continuing operations unless otherwise stated.

2. SEGMENTAL ANALYSIS

The Group's reportable segments are the geographic locations of the United Kingdom and Continental Europe, which are managed and reported to the Board as separate distinct locations.

	United Kingdom			Continental Europe			Group		
	Half year 2010 £m	Half year 2009 £m	Full year 2009 £m	**Half year 2010 £m**	Half year 2009 £m	Full year 2009 £m	**Half year 2010 £m**	Half year 2009 £m	Full year 2009 £m
Segment revenue	**147.6**	100.0	219.8	**79.6**	68.4	145.7	**227.2**	168.4	365.5
Gross rental income – investment properties	**122.3**	94.2	205.7	**46.9**	50.2	100.6	**169.2**	144.4	306.3
– trading properties	**0.9**	0.7	1.3	**9.5**	10.3	20.8	**10.4**	11.0	22.1
Gross rental income	**123.2**	94.9	207.0	**56.4**	60.5	121.4	**179.6**	155.4	328.4
Property operating expenses – investment properties	**(25.2)**	(18.6)	(40.8)	**(7.7)**	(5.7)	(15.0)	**(32.9)**	(24.3)	(55.8)
– trading properties	**(0.1)**	(0.1)	(0.2)	**(2.3)**	(1.3)	(3.0)	**(2.4)**	(1.4)	(3.2)
Property operating expenses	**(25.3)**	(18.7)	(41.0)	**(10.0)**	(7.0)	(18.0)	**(35.3)**	(25.7)	(59.0)
Net rental income – investment properties	**97.1**	75.6	164.9	**39.2**	44.5	85.6	**136.3**	120.1	250.5
– trading properties	**0.8**	0.6	1.1	**7.2**	9.0	17.8	**8.0**	9.6	18.9
Net rental income	**97.9**	76.2	166.0	**46.4**	53.5	103.4	**144.3**	129.7	269.4
Administration expenses (excluding exceptional items)	**(11.2)**	(8.8)	(24.5)	**(6.5)**	(7.3)	(15.8)	**(17.7)**	(16.1)	(40.3)
Share of joint ventures' recurring rental profit after tax	**1.6**	0.7	2.6	**1.0**	0.3	0.2	**2.6**	1.0	2.8
Adjusted operating profit before interest and tax	**88.3**	68.1	144.1	**40.9**	46.5	87.8	**129.2**	114.6	231.9
Net finance costs	**(49.8)**	(36.8)	(86.9)	**(15.1)**	(28.7)	(40.7)	**(64.9)**	(65.5)	(127.6)
Adjusted profit before tax – recurring rental profits	**38.5**	31.3	57.2	**25.8**	17.8	47.1	**64.3**	49.1	104.3
Adjustments:									
Exceptional administration expenses	**–**	–	(7.8)	**–**	–	–	**–**	–	(7.8)
Adjustments to the share of profit/(loss) from joint ventures after tax [1]	**10.9**	(6.7)	1.8	**(0.2)**	(0.6)	–	**10.7**	(7.3)	1.8
Profit/(loss) on sale of investment properties	**2.7**	(15.4)	(52.2)	**(0.7)**	2.0	(2.5)	**2.0**	(13.4)	(54.7)
Valuation surplus/(deficit) on investment and owner occupied properties	**83.3**	(361.0)	(100.2)	**(18.7)**	(131.0)	(171.6)	**64.6**	(492.0)	(271.8)
Profit/(loss) on sale of trading properties	**0.3**	–	(0.1)	**1.5**	–	0.7	**1.8**	–	0.6
(Increase)/decrease in provision for impairment of trading properties	**(0.7)**	(0.6)	(0.3)	**(2.9)**	(13.5)	(15.8)	**(3.6)**	(14.1)	(16.1)
Gain on sale of investment in joint ventures	**(1.4)**	–	12.9	**–**	–	–	**(1.4)**	–	12.9
Other investment income/(loss)	**2.0**	–	(8.0)	**–**	–	–	**2.0**	–	(8.0)
(Amounts written off)/gain recognised on acquisitions [2]	**(13.8)**	–	8.6	**–**	–	–	**(13.8)**	–	8.6
Net fair value gain/(loss) on interest rate swaps and other derivatives	**27.7**	(11.5)	(9.4)	**(5.4)**	(4.1)	(8.5)	**22.3**	(15.6)	(17.9)
Total adjustments	**111.0**	(395.2)	(154.7)	**(26.4)**	(147.2)	(197.7)	**84.6**	(542.4)	(352.4)
Profit/(loss) before tax	**149.5**	(363.9)	(97.5)	**(0.6)**	(129.4)	(150.6)	**148.9**	(493.3)	(248.1)
Tax									
– recurring rental profits	**1.5**	–	1.4	**(3.0)**	(2.5)	(2.9)	**(1.5)**	(2.5)	(1.5)
– adjustments [3]	**6.4**	–	(8.1)	**(1.8)**	14.8	23.6	**4.6**	14.8	15.5
	7.9	–	(6.7)	**(4.8)**	12.3	20.7	**3.1**	12.3	14.0
Profit/(loss) after tax									
– recurring rental profits	**40.0**	31.3	58.6	**22.8**	15.3	44.2	**62.8**	46.6	102.8
– adjustments	**117.4**	(395.2)	(162.8)	**(28.2)**	(132.4)	(174.1)	**89.2**	(527.6)	(336.9)
	157.4	(363.9)	(104.2)	**(5.4)**	(117.1)	(129.9)	**152.0**	(481.0)	(234.1)
Summary balance sheet									
Total property assets	**3,254.4**	2,215.1	3,423.7	**1,584.6**	1,727.2	1,747.5	**4,839.0**	3,942.3	5,171.2
Investments in joint ventures	**229.9**	25.3	54.6	**22.9**	22.5	24.7	**252.8**	47.8	79.3
Net borrowings	**(1,250.4)**	(825.5)	(1,090.7)	**(1,004.2)**	(1,129.2)	(1,329.4)	**(2,254.6)**	(1,954.7)	(2,420.1)
Other net (liabilities)/assets	**(100.8)**	(139.9)	(480.0)	**(83.5)**	35.7	242.8	**(184.3)**	(104.2)	(237.2)
Segment net assets	**2,133.1**	1,275.0	1,907.6	**519.8**	656.2	685.6	**2,652.9**	1,931.2	2,593.2
Capital expenditure in the year	**25.4**	70.3	143.2	**6.2**	33.7	98.0	**31.6**	104.0	241.2

1. A detailed breakdown of the adjustments to the share of profit from joint ventures are included in note 5.
2. Amounts written off on acquisition in the current period relate to the APP acquisition (further details are included in note 5). The total cost of acquisition exceeded the fair value of net assets acquired by £13.8 million, primarily due to stamp due costs. Given that the underlying assets are carried at fair value, this excess has been written off to the income statement. For the year ended 31 December 2009, the gain recognised was in respect of the acquisition of Brixton.
3. A detailed breakdown of tax adjustments are included in note 11.

The adjustments outlined above arise from adopting the recommendations of the Best Practices Committee of the European Public Real Estate Association (EPRA) or relate to exceptional items that are disclosed separately due to their size or incidence to enable better understanding of performance. The EPRA adjusted profit measure is included to enable comparison between European property companies.

3. REVENUE

	Half year to 30 June 2010 £m	Half year to 30 June 2009 £m	Year to 31 December 2009 £m
Rental income from investment properties	157.6	137.8	295.8
Rental income from trading properties	10.2	11.0	22.1
Rental income from short term licences	0.2	0.2	0.5
Rent averaging	5.6	2.7	5.7
Surrender premiums	5.7	3.3	3.6
Interest received on finance lease assets	0.3	0.4	0.7
Gross rental income	179.6	155.4	328.4
Service charge income	15.2	12.1	30.2
Proceeds from sale of trading properties	32.4	0.9	6.9
Total revenue	227.2	168.4	365.5

4. PROPERTY OPERATING EXPENSES

	Half year to 30 June 2010 £m	Half year to 30 June 2009 £m	Year to 31 December 2009 £m
Vacant property costs	**13.8**	9.3	21.2
Letting, marketing, legal and professional fees	**6.1**	4.4	10.4
Bad debt expense	**1.6**	1.0	1.9
Other expenses, net of service charge income	**6.8**	4.6	11.0
Property management expenses	**28.3**	19.3	44.5
Property administration expenses [1]	**7.7**	7.2	15.9
Costs capitalised	**(0.7)**	(0.8)	(1.4)
Total property operating expenses	**35.3**	25.7	59.0

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

5. INVESTMENTS IN JOINT VENTURES AND SUBSIDIARIES

5(i) Share of profit/(loss) from joint ventures after tax

	Half year to 30 June 2010 £m	Half year to 30 June 2009 £m	Year to 31 December 2009 £m
Gross rental income	**6.1**	4.8	12.9
Property operating expenses	**(0.7)**	(0.7)	(2.6)
Net rental income	**5.4**	4.1	10.3
Net finance costs	**(3.0)**	(2.6)	(6.1)
Adjusted profit before tax – recurring rental profits	**2.4**	1.5	4.2
Tax	**0.2**	(0.5)	(1.4)
Adjusted profit after tax – recurring rental profits	**2.6**	1.0	2.8
Adjustments			
Profit on sale of investment properties	**–**	–	1.7
Valuation surplus/(deficit) on investment properties	**9.9**	(6.5)	4.5
Net fair value loss on interest rate swaps and other derivatives	**–**	–	(0.3)
Profit/(loss) on sale of trading properties	**0.1**	–	(0.2)
Decrease/(increase) in provision for impairment of trading properties	**0.4**	(1.4)	(4.1)
Other investment income	**0.2**	–	–
Tax on additional adjustments	**0.1**	0.6	0.2
Total adjustments	**10.7**	(7.3)	1.8
Profit/(loss) after tax	**13.3**	(6.3)	4.6

5(ii) Summarised balance sheet information of the Group share of joint ventures

	Half year to 30 June 2010 £m	Half year to 30 June 2009 £m	Year to 31 December 2009 £m
Investment properties (completed and development)	**446.7**	88.1	100.3
Other investments	**8.8**	–	–
Total non-current assets	**455.5**	88.1	100.3
Trading properties	**35.3**	42.4	42.7
Other receivables	**11.5**	5.2	8.9
Cash	**11.8**	6.1	3.4
Total current assets	**58.6**	53.7	55.0
Total assets	**514.1**	141.8	155.3
Borrowings	**216.7**	70.8	45.7
Deferred tax	**1.1**	7.9	1.3
Other liabilities	**15.9**	0.3	7.9
Total non-current liabilities	**233.7**	79.0	54.9
Borrowings	**11.0**	7.9	14.0
Other liabilities	**16.6**	7.1	7.1
Total current liabilities	**27.6**	15.0	21.1
Total liabilities	**261.3**	94.0	76.0
Group share of net assets	**252.8**	47.8	79.3

In June 2010 the Group acquired a 50 per cent interest in the Airport Property Partnership ("APP") for £109.7 million and a further injection of £70.3 giving a total investment at 30 June 2010 of £180.0 million. In conjunction with the acquisition, the Group sold £237.1 million of property and joint venture investments to the APP joint venture.

6. REALISED AND UNREALISED PROPERTY GAIN/(LOSS)

	Half year to 30 June 2010 £m	Half year to 30 June 2009 £m	Year to 31 December 2009 £m
Gain/(loss) on sale of investment properties	**2.0**	(13.4)	(54.7)
Valuation surplus/(deficit) on investment properties	**64.5**	(492.0)	(271.2)
Valuation surplus/(deficit) on owner occupied properties	**0.1**	–	(0.6)
Profit on sale of trading properties	**1.8**	–	0.6
Increase in provision for impairment of trading properties	**(3.6)**	(14.1)	(16.1)
Total realised and unrealised property gain/(loss) – income statement	**64.8**	(519.5)	(342.0)
Valuation surplus/(deficit) on owner occupied properties	**0.3**	(2.1)	(2.0)
Total realised and unrealised property gain/(loss) – other comprehensive income	**0.3**	(2.1)	(2.0)
Total realised and unrealised property gain/(loss)	**65.1**	(521.6)	(344.0)

7. FINANCE INCOME

	Half year to 30 June 2010 £m	Half year to 30 June 2009 £m	Year to 31 December 2009 £m
Interest received on bank deposits	**1.4**	2.1	3.7
Fair value gain on interest rate swaps and other derivatives	**38.5**	0.4	8.4
Exchange differences	**–**	–	1.5
Total finance income	**39.9**	2.5	13.6

8. FINANCE COSTS

	Half year to 30 June 2010 £m	Half year to 30 June 2009 £m	Year to 31 December 2009 £m
Interest on overdrafts and loans	**64.9**	66.4	132.5
Amortisation of issue costs	**3.3**	1.4	7.0
Unwinding of discount on pension liabilities less return on assets	**0.1**	0.1	0.2
Total borrowing costs	**68.3**	67.9	139.7
Less amount capitalised on the development of properties	**(2.8)**	(2.4)	(6.9)
Net borrowing costs	**65.5**	65.5	132.8
Fair value loss on interest rate swaps and other derivatives	**16.2**	16.0	26.3
Exchange differences	**0.8**	2.1	–
Total finance costs	**82.5**	83.6	159.1

9. TAX

	Half year to 30 June 2010 £m	Half year to 30 June 2009 £m	Year to 31 December 2009 £m
Tax on:			
Adjusted profit before tax – recurring rental profits	**1.5**	2.5	1.5
Adjustments	**(4.6)**	(14.8)	(15.5)
Total tax credit	**(3.1)**	(12.3)	(14.0)
Current tax			
United Kingdom			
Adjustment in respect of earlier years	**(7.9)**	–	–
International			
Current tax charge	**2.2**	1.6	3.1
Adjustment in respect of earlier years	**–**	–	1.1
	2.2	1.6	4.2
Total current tax	**(5.7)**	1.6	4.2
Deferred tax			
Origination and reversal of timing differences	**(0.7)**	1.7	6.4
Released in respect of property disposals in the period	**–**	–	(4.4)
On valuation movements	**0.8**	(15.4)	(22.7)
Total deferred tax in respect of investment properties	**0.1**	(13.7)	(20.7)
Other deferred tax	**2.5**	(0.2)	2.5
Total deferred tax	**2.6**	(13.9)	(18.2)
Total tax credit	**(3.1)**	(12.3)	(14.0)

A tax credit of £10.9 million is included within current tax in the UK due to the release of provisions made at the time of the acquisition of Brixton, which are no longer required.

10. DIVIDENDS

	Half year to 30 June 2010 £m	Half year to 30 June 2009 £m	Year to 31 December 2009 £m
Ordinary dividends paid			
Final dividend for 2009 @ 9.4 pence per share	**69.0**	–	–
Interim dividend for 2009 @ 4.6 pence per share	**–**	–	31.6
Final dividend for 2008 @ 5.4 pence per share	**–**	23.4	23.4
	69.0	23.4	55.0

The Board have proposed an interim dividend of 4.7 pence per ordinary share (2009: 4.6 pence). This dividend has not been recognised in the condensed financial statements.

11. EARNINGS AND NET ASSETS PER ORDINARY SHARE

The earnings per share calculations use the weighted average number of shares and the net assets per share calculations use the number of shares in issue at the period end. Both the earnings per share and net assets per share calculations exclude shares held by the ESOP trust (1.4 million for the half year 2010, 1.2 million for the half year 2009 and 1.3 million for the full year 2009).

11(i) Earnings per ordinary share (EPS)

	Half year 2010			Half year 2009			Full year 2009		
	Earnings £m	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic EPS	**153.0**	**735.4**	**20.8**	(480.1)	424.2	(113.2)	(233.1)	563.8	(41.3)
Dilution adjustments:									
Share options and save-as-you-earn schemes	**–**	**0.2**	**–**	–	0.1	–	–	0.2	–
Diluted EPS	**153.0**	**735.6**	**20.8**	(480.1)	424.3	(113.2)	(233.1)	564.0	(41.3)
Adjusted EPS									
Adjustments to profit before tax [1]	**(84.6)**		**(11.5)**	542.4		127.9	352.4		62.5
Deferred tax on investment property which does not crystallise unless sold	**0.1**		**–**	(13.7)		(3.2)	(14.4)		(2.6)
Other tax	**(4.7)**		**(0.6)**	(1.1)		(0.3)	(1.1)		(0.2)
Non-controlling interest on adjustments	**0.1**		**–**	(0.3)		(0.1)	(0.4)		(0.1)
Adjusted EPS – recurring rental profits – diluted	**63.9**	**735.6**	**8.7**	47.2	424.3	11.1	103.4	564.0	18.3

1. Details of adjustments are included in note 2.

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

	Half year 2010			Half year 2009			Full year 2009		
	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	**2,653.2**	**740.1**	**358**	1,930.4	566.5	341	2,592.5	733.0	354
Dilution adjustments:									
Share options and save-as-you-earn schemes	**–**	**0.2**	**–**	–	0.1	–	–	0.2	–
Diluted NAV	**2,653.2**	**740.3**	**358**	1,930.4	566.6	341	2,592.5	733.2	354
Adjusted NAV									
Adjustments for deferred tax on investment properties:									
– depreciation	**49.3**		**7**	49.6		9	54.6		7
– valuation surpluses	**5.9**		**1**	15.2		3	5.5		1
Adjusted diluted NAV	**2,708.4**	**740.3**	**366**	1,995.2	566.6	353	2,652.6	733.2	362
Adjusted basic NAV	**2,708.4**	**740.1**	**366**	1,995.2	566.5	353	2,652.6	733.0	362
Triple net NAV (NNNAV)									
Fair value adjustment in respect of debt	**(107.1)**		**(14)**	320.0		56	38.0		5
Tax effect of fair value adjustment in respect of debt	**30.0**		**4**	(89.6)		(16)	(10.6)		(1)
Deferred tax in respect of depreciation	**(49.3)**		**(7)**	(49.6)		(9)	(54.6)		(7)
Deferred tax in respect of valuation surpluses	**(5.9)**		**(1)**	(15.2)		(3)	(5.5)		(1)
Fair value adjustment in respect of trading properties	**30.1**		**4**	30.1		5	27.1		4
Diluted triple net NAV (NNNAV)	**2,606.2**	**740.3**	**352**	2,190.9	566.6	386	2,647.0	733.2	362
Basic triple net NAV (NNNAV)	**2,606.2**	**740.1**	**352**	2,190.9	566.5	386	2,647.0	733.0	362

12. INVESTMENT PROPERTIES

	Completed £m	Development £m	Total £m
Cost or valuation			
At 1 January 2010	4,383.7	394.7	4,778.4
Exchange movement	(90.7)	(13.0)	(103.7)
Additions	1.9	16.7	18.6
Disposals	(256.8)	(16.2)	(273.0)
Transfer between investment and development properties	80.1	(80.1)	–
Revaluation surplus during the period	61.0	3.5	64.5
At 30 June 2010	4,179.2	305.6	4,484.8
Add tenant lease incentives, letting fees and rental guarantees	52.2	–	52.2
Net book value at 30 June 2010	**4,231.4**	**305.6**	**4,537.0**
Net book value at 30 June 2009	3,395.6	217.4	3,613.0

Investment properties are stated at market value as at 30 June 2010 based on external valuations performed by professionally qualified valuers. The Group's wholly owned property portfolio is valued by DTZ Debenham Tie Leung ("DTZ"). Valuations for some of the joint venture properties within the UK (see note 5) were performed by King Sturge and Colliers CRE at 30 June 2010 (consistent with prior periods). The valuations conform to International Valuation Standards and were arrived at by reference to market evidence of the transaction prices paid for similar properties.

DTZ, King Sturge and Colliers CRE also undertake some professional and letting work on behalf of the Group, although this is limited in relation to the activities of the Group as a whole. All three firms advise us that the total fees paid by the Group represent less than 5 per cent of their total revenue in any year.

13. BORROWINGS AND FINANCIAL INSTRUMENTS

	30 June 2010 £m	30 June 2009 £m	31 December 2009 £m
In one year or less	**103.5**	201.9	345.2
In more than one year but less than two	**73.7**	135.1	188.6
In more than two years but less than five	**353.8**	489.5	167.2
In more than five years but less than ten	**701.2**	383.9	718.6
In more than ten years	**1,113.5**	816.7	1,113.2
Total debt per balance sheet	**2,345.7**	2,027.1	2,532.8
Total debt is split between secured and unsecured borrowings as follows:			
Secured (on land and buildings)	**86.4**	95.1	94.7
Unsecured	**2,259.3**	1,932.0	2,438.1
Total debt	**2,345.7**	2,027.1	2,532.8
Currency profile of total borrowings			
Sterling	**1,816.1**	1,698.0	1,940.3
Euros	**509.3**	329.0	567.4
US dollars	**20.3**	0.1	25.1
Total debt	**2,345.7**	2,027.1	2,532.8
Maturity profile of undrawn borrowing facilities			
In one year or less	**42.9**	67.6	101.3
In more than one year but less than two	**108.1**	170.9	173.7
In more than two years	**540.6**	748.0	314.6
Total available undrawn facilities	**691.6**	986.5	589.6
Fair value of financial instruments			
Book value of debt	**2,345.7**	2,027.1	2,532.8
Interest rate derivatives	**(7.7)**	6.2	15.4
Foreign exchange derivatives	**(11.9)**	(11.3)	(8.2)
Book value of debt including derivatives	**2,326.1**	2,022.0	2,540.0
Net fair market value	**2,433.2**	1,702.0	2,502.0
Mark to market adjustment (pre-tax)	**(107.1)**	320.0	38.0

Forward foreign exchange contracts

The Group has various forward sales and currency swap contracts that are effectively cash flow hedges, using the surplus cash in one currency to temporarily fund paying off debt in another currency. These have not been designated as hedges and as a consequence their change in fair value is taken through the income statement.

The following table details the forward foreign exchange contract outstanding as at the period end:

	Average exchange rates			Currency contract (local currency)			Contract value			Fair value		
	30 June 2010 rate	30 June 2009 rate	31 December 2009 rate	**30 June 2010 m**	30 June 2009 m	31 December 2009 m	**30 June 2010 £m**	30 June 2009 £m	31 December 2009 £m	**30 June 2010 £m**	30 June 2009 £m	31 December 2009 £m
Cash flow hedges												
Sell euros (buy sterling)	**1.19**	1.16	1.11	**643.7**	470.5	688.5	**527.6**	402.1	609.4	**11.9**	3.6	8.2
Net investment hedges												
Sell US dollars (buy sterling)	**–**	1.58	–	**–**	40.3	–	**–**	24.4	–	**–**	1.1	–
										11.9	4.7	8.2

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to manage the interest rate risk of the Group's borrowings. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial period.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date.

Pay fixed, receive floating contracts:

	Average contract – fixed interest rate			Notional principal amount			Fair value		
	30 June 2010 %	30 June 2009 %	31 December 2009 %	**30 June 2010 £m**	30 June 2009 £m	31 December 2009 £m	**30 June 2010 £m**	30 June 2009 £m	31 December 2009 £m
In one year or less	**5.68**	–	5.68	**17.2**	–	17.7	**(0.2)**	–	(0.7)
In more than one year but less than two	**–**	5.68	–	**–**	19.7	–	**–**	(1.1)	–
In more than two years bur less than five	**3.01**	2.88	3.01	**225.4**	170.9	243.4	**(11.3)**	(2.4)	(7.1)
In more than five years	**2.52**	3.36	–	**368.9**	64.1	–	**(9.8)**	(2.7)	–
Total				**611.5**	254.7	261.1	**(21.3)**	(6.2)	(7.8)

Receive fixed, pay floating contracts:

	Average contract -fixed interest rate			Notional principal amount			Fair value		
	30 June 2010 %	30 June 2009 %	31 December 2009 %	**30 June 2010 £m**	30 June 2009 £m	31 December 2009 £m	**30 June 2010** £m	30 June 2009 £m	31 December 2009 £m
More than five years	**6.18**	–	6.75	**709.0**	–	300.0	**29.0**	–	(7.6)

The above cash flow and fair value hedges are effective economic hedges although the Group has not elected to adopt hedge accounting for them. Hence their change in fair value is taken directly to the income statement rather than directly to reserves.

The interest rate swaps settle on either a 3 month or 6 month basis with the floating rate side based on the EURIBOR or Sterling LIBOR rate for the relevant period. The Group will settle or receive the difference between the fixed and floating interest rate on a net basis.

14. DEFERRED TAX

	£m
Balance at 1 January 2010	**56.9**
Exchange movement	**(3.7)**
Charge to income statement	**2.6**
Balance at 30 June 2010	**55.8**
Balance at 30 June 2009	54.1

	30 June 2010 £m	30 June 2009 £m	31 December 2009 £m
Deferred taxation is in respect of:			
Valuation surpluses on properties	**5.9**	15.2	5.4
Accelerated tax allowances	**49.3**	49.6	53.9
Deferred tax assets	**(5.0)**	(10.5)	(6.8)
Others	**5.6**	(0.2)	4.4
	55.8	54.1	56.9

15. NOTES TO THE CONDENSED GROUP CASH FLOW STATEMENT

15(i) Reconciliation of cash generated from operations

	Half year to 30 June 2010 £m	Half year to 30 June 2009 £m	Year to 31 December 2009 £m
Operating profit/(loss)	**191.5**	(412.2)	(102.6)
Adjustments for:			
Depreciation of property, plant and equipment	**1.6**	1.2	2.8
Share of (profit)/loss from joint ventures	**(13.3)**	6.3	(4.6)
Profit/(loss) on sale of investment properties	**(2.0)**	13.4	54.7
Loss/(gain) on sale of investment in joint ventures	**1.4**	–	(12.9)
Cost/(gain) recognised on acquisitions	**13.8**	–	(8.6)
Revaluation (surplus)/deficit on investment and owner occupied properties	**(64.6)**	492.0	271.8
Gain on sale of available-for-sale investments	**(2.0)**	–	(1.0)
Impairment of available-for-sale investments	**–**	–	9.0
Other provisions	**0.9**	(0.3)	3.5
	127.3	100.4	212.1
Changes in working capital:			
Decrease/(increase) in trading properties	**6.9**	1.5	(2.1)
Decrease/(increase) in debtors	**8.5**	(3.8)	20.1
Decrease in creditors	**(38.5)**	(28.1)	(8.0)
Net cash inflow generated from operations	**104.2**	70.0	222.1

15(ii) Analysis of net debt

	At 1 January 2010 £m	Cash flow £m	Non-cash adjustment[1] £m	Exchange movement £m	**At 30 June 2010 £m**
Bank loans and loan capital	2,568.2	(108.8)	–	(79.2)	**2,380.2**
Capitalised finance costs	(36.2)	(1.6)	3.3	–	**(34.5)**
Bank overdrafts	0.8	(0.8)	–	–	**–**
Total borrowings	2,532.8	(111.2)	3.3	(79.2)	**2,345.7**
Cash in hand and at bank	(112.7)	21.2	–	0.4	**(91.1)**
Net debt	2,420.1	(90.0)	3.3	(78.8)	**2,254.6**

1. The non cash adjustment related to the amortisation of issue costs offset against borrowings.

16. RELATED PARTY TRANSACTIONS

As disclosed in note 5, the Group sold £237.1 million of property and joint venture investments into APP on an arms length basis. The Group purchased a property from its HelioSlough joint venture at market value during the period. There have been no other material changes in the related party transactions described in the last annual report.

Annualised rental income

The notional contracted headline rental value on an annualised basis, ignoring any rent free period.

Basis points

A unit that is equal to 1/100th of 1 per cent.

Brixton

On 24 August 2009, SEGRO plc acquired the entire issued capital of Brixton plc (company number 202342). On acquisition of Brixton plc, shares were delisted and the company was re-registered as Brixton Limited.

Combined property portfolio

Consists of the completed portfolio, the development portfolio and owner occupied properties.

Completed portfolio

Includes completed investment and trading properties and the Group's share of joint ventures' completed investment and trading properties.

Development pipeline

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

Development portfolio

Includes land and development property (both investment and trading) and the Group's share of joint venture land and development property.

Estimated rental value (ERV)

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

Gross rental income

Contracted rental income recognised in the period, including surrender premiums and interest receivable on finance leases. Lease incentives, initial costs and any contracted future rental increases are amortised on a straight line basis over the lease term.

Hectares (Ha)

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

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 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.

Net initial yield

Annualised current cash passing rent less non-recoverable property expenses such as empty rates, divided by the property valuation plus notional purchasers' costs.

Net rental income

Gross rental income less ground rents paid, service charge expenses and property operating expenses.

Net true equivalent yield

Net equivalent yield assuming rent is received quarterly in advance.

Passing rent

The annual cash rental income currently receivable on a property as at the balance sheet date (which may be more or less than the ERV).

Pre-let

A lease signed with an occupier prior to completion of a development.

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.

Square metres (sq m)

The area of buildings measurements used in this analysis. The conversion factor used, where appropriate, is 1 square metre = 10.639 square feet.

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.

Total Property Return (TPR)

A measure of the ungeared return for the portfolio and is calculated as the total realised and unrealised property gain or loss plus net rental income, expensed as a percentage of capital employed.

Trading property

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