SEGRO
SLOUGH ESTATES GROUP
WHERE BUSINESS WORKS

Issued for immediate release: 27 August 2008

SEGRO PLC HALF-YEAR RESULTS 2008

Good operating results
- EPRA adjusted profit before tax from continuing operations of £67.4m (2007: £68.0m)
- Net rental income up 23.1%, reflecting acquisitions, development activity and letting success
- Profit from sale of trading properties £19.5m (2007: £16.9m)
- Loss for the period reported under IFRS of £324.6m (2007: profit of £226.3m)

Adjusted diluted NAV per share down 11.5% at 623 pence
- Group revaluation deficit on completed investment properties of 7.5%, comprised of a UK deficit of 10.4% (initial yield of 6.3%, equivalent yield of 7.0%) and a gain of 0.7% in Continental Europe (initial yield of 7.0%, equivalent yield of 7.2%)
- In addition, UK land bank values were written down on average by 21.4%, to c.£763,000 per acre

Another strong letting performance, with good occupier demand
- 283,000 sq m of space let in H1 08, similar to the second half of 2007
- 216,000 sq m of space was returned in the period, reflecting a number of significant but planned returns in the UK (including Mars at Slough). 95% of leases expiring in the period were renewed
- Group annualised rents of £16.4m from lettings in the period exceeded annualised rental income of £11.9m lost from space returned
- Rental levels stable or modestly rising across most of our markets. Overall vacancy level in line with expectations at 9.3% (10.0% by ERV)
- Rents being paid on time with occupier insolvencies at low levels, similar to recent years

Successfully delivering the development programme
- 157,000 sq m completed in H1 08 (only 15,000 sq m in UK), 73% already let or sold by end of June
- 395,000 sq m of construction in progress at end June, 85% in Continental Europe, including 193,000 sq m in Central Europe
- 155,000 sq m of the Group's construction in progress was already pre-let or sold
- New construction starts being tightly controlled and flexed according to letting progress and market demand

Carefully managing the Group's financial position
- £151.7m of sales in the period (including trading properties) and further disposals of £110.2m announced today. Investment in the period of £307.6m
- Adjusted debt to equity ratio of 79%, loan to value 43%, interest cover of 2.2 times
- £801.5m of cash and available funds at end of June with an average debt maturity period of 9.6 years
- Unchanged interim dividend of 8.3 pence per share

Ian Coull, Chief Executive commented:

"SEGRO has delivered another good operating performance in the first half of 2008. The difficulties in the financial and capital markets have, as expected, negatively impacted the value of our UK property portfolio but there have been few signs to date that the economic conditions are having a significant impact on our customer base. Our leasing levels have remained strong, with low occupier insolvency levels, in line with recent years.

Our strategic move into Continental Europe has delivered the expected benefits of diversifying the risk profile of our portfolio and giving us the flexibility to target our investments in the locations where we can achieve the best returns.

Our business is in good shape. Whilst taking advantage of attractive acquisition, development and divestment opportunities, we are managing our cash position carefully. We continue to be well placed to meet the challenges and opportunities that arise from the evolving market conditions."

SUMMARY FINANCIAL STATEMENT TABLES

INCOME STATEMENT **Continuing Operations, unless stated**	**Six months to 30 June 2008**	**Six months to 30 June 2007**
Net rental income[(1)] (£m)	119.3	96.9
Adjusted profit before taxation[(2)] (£m)	67.4	68.0
Adjusted profit before taxation[(2)], including discontinued operations (£m)	67.4	86.5
Trading property profits (£m)	19.5	16.9
Property (losses)/gains (£m)	(389.3)	118.3
(Loss)/profit before taxation (£m)	(315.3)	195.4
Underlying tax rate[(3)] (%)	2.8	2.1
(Loss) /earnings per share – basic (pence)	(74.8)	41.2
Earnings per share – adjusted, diluted[(4)] (pence)	15.2	14.1
Earnings per share – adjusted, diluted[(4)], including discontinued operations (pence)	15.2	17.0
Half-year dividend (pence)	8.3	8.3
Total return[(5)] (%)	(9.4)	6.6

BALANCE SHEET	**30 June 2008**	**31 December 2007**
Total properties, including share of joint ventures (£m)	5,074.9	5,182.6
Net assets excluding minority interests (£m)	2,629.1	2,989.0
Adjusted net assets[(6)] (£m)	2,705.3	3,056.0
Net assets per share (pence)	605	690
Adjusted diluted net assets per share[(7)] (pence)	623	704
Net debt (£m)	2,129.8	1,701.1
Debt to equity[(8)] (%)	78.7	55.7
Loan to value[(9)] (%)	43.3	34.0

1. Including rental income on trading properties.
2. Profit before tax adjusted for EPRA and exceptional items.
3 Tax charge, excluding deferred tax on valuation movements, as a percentage of adjusted profit before tax.
4. Earnings per share based on adjusted profit before tax and reflecting the dilutive effects of shares held by the ESOP trust.
5 Adjusted NAV growth plus dividends paid in the period and after adding back the SIIC conversion charge of £14.2 million (H1 07 only).
6. Shareholders' funds adjusted to add back deferred tax associated with investment properties.
7. NAV per share adjusted to add back deferred tax associated with investment and development properties and to reflect the dilution caused by shares held by the ESOP trust.
8. Net debt as a percentage of net assets adjusted to add back deferred tax associated with investment and development properties.
9. Net debt as a percentage of the total property portfolio excluding joint ventures.

CONFERENCE CALL FOR INVESTORS AND ANALYSTS

At 9:30 AM today BST a live webcast results presentation and Q&A session will be available from the analysts' presentations page of SEGRO's website, at:

http://www.segro.com/segro/Investors/AnalystPresentations.htm.

A conference call facility will be available to listen in at 09.30 hours on the following numbers:

UK 0845 359 0150 (freephone)
International +44 207 070 5465

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

+ 44 (0) 208 196 1998

Access code 546698#

Contact details for investor/analyst and media enquiries respectively:

SEGRO plc	**The Maitland Consultancy**
Michael Waring Tel: +44 (0)7775 788 628	Colin Browne Tel: +44 (0)20 7379 5151

Notes:

About SEGRO SEGRO is the leading provider of Flexible Business Space in Europe. Headquartered in the UK, SEGRO is listed on the London Stock Exchange and on Euronext in Paris. The Company is a UK Real Estate Investment Trust (REIT) with operations in ten countries, serving a diversified customer base of 1,700 customers operating in a wide range of sectors, representing both small and large businesses, from start-ups to global corporations. With property assets of £5.1 billion and around 5.0 million sq m of business space, SEGRO has an annual rent roll of approximately £290 million – these metrics include trading properties, development assets and the Group's share of joint ventures. www.segro.com

Forward-looking statements This announcement may contain certain forward-looking statements with respect to SEGRO's expectations and plans, strategy, management's objectives, future performance, costs, revenues and other trend information. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. The statements have been made with reference to forecast price changes, economic conditions and the current regulatory environment. Nothing in this announcement should be construed as a profit forecast. Past share performance cannot be relied on as a guide to future performance.

Following changes in the UK company disclosure regulations, SEGRO plc is no longer obliged to send **half-yearly accounts** to shareholders. In the interests of economy and of the environment, SEGRO will henceforth no longer be producing and distributing a half-year report. Copies of this press release and details of the latest SEGRO property portfolio, are available for download from our website at www.SEGRO.com, and hard copies can be requested via the website or by contacting the Company (email CompanySecretariat@SEGRO.com or phone 01753 213344).

SUMMARY DATA TABLES: THE INVESTMENT PORTFOLIO - COMPLETED INVESTMENT PROPERTIES

	Rental Data[1]					Vacancy rate	
	Lettable space at 30.06.08	Passing rent at 30.06.08	Market rental value (ERV) At 30.06.08	Gross rental income for H1 08	Net rental income For H1 08	By space	By ERV
	(000's sq m)	(£m)[2]	(£m)	(£m)	(£m)	%	%
By asset type							
Logistics warehouses	169.2	7.3	8.6	3.7	3.4	7.1	8.1
Other industrial	2,113.6	142.8	170.6	81.1	62.9	12.0	11.7
Offices	193.2	33.5	36.0	15.1	11.2	9.0	9.4
Retail	36.7	6.7	7.9	7.7	7.2	0.3	0.0
Total UK	2,512.7	190.3	223.1	107.6	84.7	11.2	10.8
Logistics warehouses	1,298.9	46.3	47.5	22.4	17.5	4.2	4.6
Other industrial	443.5	22.4	26.4	13.9	10.9	12.2	12.5
Offices	104.9	10.5	12.3	5.5	4.3	15.1	13.8
Retail	22.9	2.1	1.7	0.9	0.7	0.0	0.0
Total Continental Europe	1,870.2	81.3	87.9	42.7	33.4	6.7	8.2
Continental Europe - by country							
France	520.0	22.9	25.0	13.4	10.5	9.9	8.4
Germany	726.1	25.1	26.0	11.0	9.9	1.7	2.7
Belgium	168.4	14.3	16.4	7.5	5.7	17.6	17.7
Netherlands	86.0	4.4	5.1	2.6	1.7	3.4	5.9
Italy	68.6	5.3	5.2	2.9	2.3	0.0	0.0
Spain	2.0	0.1	0.1	0.0	0.0	0.0	0.0
Central Europe	299.1	9.2	10.1	5.3	3.3	9.3	11.9
Total Continental Europe	1,870.2	81.3	87.9	42.7	33.4	6.7	8.2
Logistics warehouses	1,468.1	53.6	56.1	26.1	20.9	4.5	5.1
Other industrial	2,557.1	165.2	197.0	95.0	73.8	12.0	11.8
Offices	298.1	44.0	48.3	20.6	15.5	11.1	10.6
Retail	59.6	8.8	9.6	8.6	7.9	0.2	0.0
Group Total	**4,382.9**	**271.6**	**311.0**	**150.3**	**118.1**	**9.3**	**10.0**

	Valuation Data[1]						
	Valuation 30.06.08	Valuation surplus/ (deficit)	Valuation surplus/ (deficit)	Initial yield	Topped up initial yield 1[3]	Topped up initial yield 2[4]	True equivalent yield
	(£m)	(£m)	%	%	%	%	%
UK - by asset type							
Logistics warehouses	102.0	(15.7)	(13.3)	7.2	7.5	8.2	7.4
Other industrial	2,263.4	(283.1)	(11.1)	6.3	6.5	7.3	7.0
Offices	503.6	(38.9)	(7.2)	6.7	6.8	7.4	7.1
Retail	135.2	(9.5)	(6.6)	5.0	5.2	5.2	6.6
Total UK	3,004.2	(347.2)	(10.4)	6.3	6.5	7.2	7.0
Continental Europe - by asset type							
Logistics warehouses	603.0	5.6	0.9	7.7	7.7	8.1	-
Other industrial	367.7	3.6	1.0	6.1	6.4	7.2	-
Offices	175.5	(1.4)	(0.8)	6.0	6.1	6.9	-
Retail	20.1	0.1	0.5	10.4	10.4	10.4	-
Total Continental Europe	1,166.3	7.9	0.7	7.0	7.1	7.7	7.2
Continental Europe - country							
France	339.5	(0.3)	(0.1)	6.7	6.9	7.4	7.3
Germany	326.5	1.9	0.6	7.7	7.7	7.9	7.4
Belgium	225.9	(0.8)	(0.4)	6.3	6.5	7.6	7.0
Netherlands	57.3	2.4	4.4	7.7	8.7	9.1	6.9
Italy	74.4	1.2	1.6	7.1	7.1	7.1	5.8
Spain	1.2	0.0	0.0	8.3	8.3	8.3	7.4
Central Europe	141.5	3.5	2.5	6.5	6.5	7.4	7.0
Total Continental Europe	1,166.3	7.9	0.7	7.0	7.1	7.7	7.2
Logistics warehouses	705.0	(10.1)	(1.4)	7.6	7.7	8.1	-
Other industrial	2,631.1	(279.5)	(9.6)	6.3	6.5	7.3	-
Offices	679.1	(40.3)	(5.6)	6.5	6.6	7.3	-
Retail	155.3	(9.4)	(5.7)	5.7	5.9	5.9	-
Total	**4,170.5**	**(339.3)**	**(7.5)**	**6.5**	**6.7**	**7.4**	**7.1**

1. Including the Group's share of joint ventures' properties. Excluding land held for investment and properties in the course of construction
2. Excludes £6.9m of rent frees 3. Includes value of rent frees 4. Occupied properties only

REVERSIONARY POTENTIAL AS AT 30 JUNE 2008

	Passing rent subject to rent review in 2008 (£m)	2009 (£m)	2010 (£m)	2011 (£m)	Reversion to ERV on occupied properties (£m)	ERV of vacant properties (£m)
UK						
- Logistics warehouses	0.0	2.5	1.7	0.0	0.2	0.7
- Industrial	12.9	16.9	23.0	21.5	4.0	19.9
- Offices	1.8	3.2	4.5	3.2	(1.7)	3.4
- Retail	3.7	0.3	0.6	0.5	0.9	0.0
Continental Europe	0.0	0.0	0.0	0.0	(3.0)	7.2
Total	**18.4**	**22.9**	**29.8**	**25.2**	**0.4**	**31.2**

LETTINGS ANALYSIS

	Area 000's sq m				Rent(1) pa (£m)	
	Lettings		Space returned		Lettings	Space returned
	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2008
UK - Lettings of new developments	15	62				
UK - Existing properties	61	56				
UK- Licenses	33	25				
Total UK	**109**	**143**	**148**	**101**	**6.4**	**8.5**
Continental Europe	**174**	**168**	**68**	**28**	**10.0**	**3.4**
Total Group	**283**	**311**	**216**	**129**	**16.4**	**11.9**

(1) Annualised rent, after the expiry of any rent free periods.

VACANCY ANALYSIS

	30 June 2008 (%)	31 December 2007 (%)
UK	11.2	10.8
Continental Europe	6.7	5.9
Group Total	**9.3**	**8.9**
Analysis of Underlying UK Vacancy		
Recent acquisitions (less than 18 months)	0.0	0.0
Completed development sites (less than 18 months)	1.3	2.3
Underlying UK vacancy	9.9	8.5
Total UK	**11.2**	**10.8**

LEASE EXPIRIES & CUSTOMERS

Investment properties only (Group share of JV's)		Average lease length to:		Passing rent (at 30.06.08) of leases which expire in:				Passing rent subject to breaks:			
	Number of customers	Break (Years)	Expiry (Years)	2008 (£m)	2009 (£m)	2010 (£m)	2011 (£m)	2008 (£m)	2009 (£m)	2010 (£m)	2011 (£m)
UK											
Logistics warehouses	7	7.5	9.0	-	-	0.3	1.0	-	1.3	1.8	-
Other industrial	1,284	6.1	8.3	5.2	10.7	10.3	7.5	5.4	9.7	7.9	8.9
Offices	130	6.1	8.5	0.3	3.5	0.2	0.4	2.0	0.8	1.7	0.7
Retail	45	7.4	7.6	0.1	-	-	0.1	-	-	-	-
Total UK	**1,466**	**6.2**	**8.4**	**5.6**	**14.2**	**10.8**	**9.0**	**7.4**	**11.8**	**11.4**	**9.6**
Continental Europe	**233**	**6.1**	**8.4**	**-**	**2.7**	**2.7**	**1.9**	**-**	**2.7**	**6.4**	**8.1**
Group Total	**1,699**	**6.1**	**8.4**	**5.6**	**16.9**	**13.5**	**10.9**	**7.4**	**14.5**	**17.8**	**17.7**

DEVELOPMENT PIPELINE SUMMARY*

Group Total		Construction in progress	Potential starts in H2 2008	Potential starts in 2009	Potential starts 2010 & beyond	Total Programme
Land area (ha)		79	51	123	351	604
Space:						
Logistics warehouses	sq m	252,052	52,711	350,042	811,661	1,466,466
Other industrial	sq m	85,039	25,987	176,262	546,234	833,522
Offices	sq m	56,509	27,482	36,459	251,429	371,879
Retail	sq m	1,858	1,626	0	4,266	7,750
Total	sq m	395,458	107,806	562,763	1,613,590	2,679,617
Investment properties	%	80	77	64	62	65
Trading properties	%	20	23	36	38	35
Pre-let	%	39	35	1	0	8
Planning status						
- fully approved	%	100	46	17	5	23
- zoned/outline approval	%	0	47	74	79	65
Rental value when completed	£m	29.3	10.7	35.8	110.4	186.2
Current valuation	£m	232.2	32.9	107.1	332.3	704.5
Forecast future costs to completion	£m	150.7	101.5	335.2	997.6	1,585.0
UK						
Land area	ha	10	32	18	83	143
Space:						
Logistics warehouses	sq m	0	0	0	0	0
Other industrial	sq m	31,746	10,768	48,234	238,944	329,692
Offices	sq m	27,049	16,170	32,459	21,809	97,487
Retail	sq m	1,858	1,626	0	4,266	7,750
Total	sq m	60,653	28,564	80,693	265,019	434,929
Investment properties	%	100	100	100	100	100
Trading properties	%	0	0	0	0	0
Pre-let	%	67	54	10	0	15
Planning status						
- fully approved	%	100	68	27	16	33
- zoned/outline approval	%	0	8	46	53	41
Rental value when completed	£m	11.6	6.0	13.2	31.6	62.4
Current valuation	£m	86.4	21.7	56.8	198.5	363.4
Forecast future costs to completion	£m	82.2	54.9	131.7	244.4	513.2
Continental Europe						
Land area	ha	69	19	105	268	461
Space:						
Logistics warehouses	sq m	252,052	52,711	350,042	811,661	1,466,466
Other industrial	sq m	53,293	15,219	128,028	307,290	503,830
Offices	sq m	29,460	11,312	4,000	229,620	274,392
Retail	sq m	0	0	0	0	0
Total	sq m	334,805	79,242	482,070	1,348,571	2,244,688
Investment properties	%	77	68	58	54	59
Trading properties	%	23	32	42	46	41
Pre-let	%	34	28	0	0	6
Planning status						
- fully approved	%	100	39	16	3	21
- zoned/outline approval	%	0	61	79	84	70
Rental value when completed	£m	17.7	4.7	22.6	78.8	123.8
Current valuation	£m	145.8	11.2	50.3	133.8	341.1
Forecast future costs to completion	£m	68.5	46.6	203.5	753.2	1,071.8

* Including the Group's share of joint ventures' properties

Further details of the investment portfolio and the development pipeline will be published on the Investors Relations section of our website http://www.segro.com. All amounts are indicative only and are liable to change. Certain properties included above are currently income producing and are expected to be redeveloped; such properties have a current book value of £102 million and produce current rental income of approximately £6.5 million per annum.

OPERATING REVIEW

Overview of the period

The business again delivered a strong leasing performance and showed good growth in rental income as a result of acquisitions, developments and lettings. In the first half of 2008 (H1 08), SEGRO delivered a 23.1 per cent growth in net rental income to £119.3 million, and reported profits on the disposal of trading properties of £19.5 million, up from £16.9 million in the equivalent period last year. Adjusted profit before taxation from continuing operations was almost unchanged at £67.4 million (£68.0 million), reflecting higher interest costs associated with acquisitions and development expenditure, higher administrative overheads, and a decline in realisations from the Group's historic venture capital investments (other investment income). The incremental impact on our earnings from the new empty rates provisions in the UK was £2 million in the half year and there will be a full year impact of around £6 million. This is in line with the guidance that we gave in March.

During the period, SEGRO continued to build on its expanded European platform and, as at 30 June, the Continental European portfolio represented 34.2 per cent, by value, of the Group's total property portfolio. The benefits of the European diversification strategy, which started in 2005, were evident in this period both in terms of the operating results and the property valuation. SEGRO consolidated its position in Continental Europe with £158.6 million invested in acquisitions (investment and trading properties), including land acquired for a business and logistics park project at the new Berlin airport, land bank acquisitions in Central Europe, a sale and leaseback transaction with MPM covering three industrial sites in Germany and the completion of the final elements of the two transactions agreed last year - the DHL logistics sites in France and the Neckermann campus in Frankfurt. These investments and a number of smaller land purchases in the period have added further to SEGRO's critical mass in target locations across Europe, especially in Central Europe - and they provide good opportunities to enhance initial yields and value through development and asset management. In general, however, we have been taking a cautious and selective approach towards further acquisitions and speculative developments, both in the UK and Continental Europe.

Group expenditure on investment property acquisitions (£128 million) and developments (£110 million) was partly balanced by funds generated from disposals (£151.7 million) and, subsequent to 30 June, further disposals amounting to £110.2 million have been confirmed. SEGRO generated new funds for reinvestment through two significant disposals during H1 08; the £91.3 million, 5.5 per cent yield sale of a non-core retail park in Slough and the £46.0 million sale of a newly developed office in Warsaw – the latter generating a £17.4 million profit on sale.

Adjusted diluted NAV per share (which adds back deferred tax on investment properties) was down 11.5 per cent to 623 pence. Basic NAV per share was 605 pence, down 12.3 per cent from the end of 2007. These declines reflect the continuation of the weak commercial property investment market conditions seen in the UK in H2 07. However, the European property portfolio delivered an overall valuation surplus of 0.7 per cent, with strong results in Poland, the Czech Republic and the Netherlands.

Occupier markets

Strong letting levels were achieved again in H1 08, similar to those achieved in H2 07. The Group's 283,000 sq m of space let was slightly down on the record levels of H1 07, a period that had benefited from the completion and occupation of some large new developments, which had been pre-let in earlier periods.

In the UK, we secured lettings of 109,000 sq m of space, below the 143,000 sq m achieved in the equivalent period last year, but nonetheless a very good figure by historical standards. On the Continent, the 174,000 sq m of lettings were ahead of the 168,000 sq m delivered in H1 07.

Space returned was high also but this was partly due to a number of take-backs anticipated some time ago and which had been structured and co-ordinated to facilitate aspects of the development programme. In particular the return of the Mars sites on the Slough Trading Estate and at Winnersh were both significant in terms of space, 33,400 sq m in total. Notwithstanding these take-backs, we have been encouraged that 95 per cent (by income) of occupiers in the UK renewed leases which had expired in the period.

Group annualised rental income from new lettings in the period amounted to £16.4 million (H1 07: £19.8 million), compared with income lost through take-backs of £11.9 million (H1 07: £7.9 million), a net increment of £4.5 million per annum (H1 07: £11.9 million).

We continue to monitor closely the financial health of our customer base. Insolvency levels in our UK portfolio were down on H1 07 with only 11,520 sq m of space being returned to us in H1 08, compared to 17,425 sq m in H1 07. In Continental Europe we had only two insolvencies, although these included a printing business in France which resulted in 21,252 sq m being returned to us – this space only came back at the end of June and has contributed significantly to the vacancy rate. The annualised Group total of rental income lost amounted to £1.9 million (H1 07: £1.7 million), representing 0.6 per cent of the Group rent roll. The large number and wide range of activities of SEGRO's occupiers provides good diversification of risk. SEGRO has good average lease lengths to break and expiry, 6.1 years and 8.4 years respectively.

Group vacancy levels of 9.3 per cent at 30 June 2008 reflected a small increase on the 8.9 per cent at the end of 2007. In the UK, the 11.2 per cent headline vacancy level was slightly behind the 10.8 per cent at the end of 2007 (as a result of the level of take-backs), but was better than the 11.8 per cent at the end of April, as disclosed in our recent Interim Management Statement. The headline Continental European vacancy figure of 6.7 per cent was up on the 5.9 per cent at the year end, reflecting the tenant insolvency referred to above (which itself added almost 1 per cent to the rate) and a number of recently completed developments coming on stream towards the end of the period; 27 per cent of the 142,334 sq m developments completed during H1 08 were not yet let by the end of June.

Overall rental levels in the UK have remained broadly flat over H1 08, with new lettings, lease renewals and reviews delivering an average 0.8 per cent above the ERV at the end of 2007. SEGRO retained 83 per cent of occupiers (by rental income) in relation to expiries and breaks, and achieved a 3.1 per cent increase (compared with ERVs at the year end) in rent from reviews and lease renewals. Conversely, rentals agreed with new occupiers were, on average, 0.6 per cent below ERV; they would have been positive, but for the effect of one tactical short-term letting at a site with high vacancy. There has been little or no change in the level of incentives offered to new occupiers by way of rent free periods.

Net asset value

Adjusted diluted NAV per share (which adds back deferred tax on investment properties) was down 11.5 per cent to 623 pence, reflecting the reduction in commercial property valuations in the UK. SEGRO noted in its May Interim Management Statement that due to low transaction volumes, the true market in the UK was likely to be below the levels indicated by the Investment Property Databank (IPD). So it has proven to be, with SEGRO's UK portfolio reflecting an overall deficit on completed investment properties of 10.4 per cent and the IPD all property monthly index indicating a deficit of 8.6 per cent for the same period and having moved down a further 1.8 per cent during July. In addition to the reduced value of completed investment properties, the UK has recorded a write-down of £50.7 million (21.4 per cent) in land bank values and the average carrying value of our UK land holdings is now approximately £0.76 million per acre, a reduction of approximately one third since June 2007.

The overall Group valuation was bolstered by Continental Europe which achieved an overall 0.7 per cent surplus on completed investment properties – this figure is of course comprised of quite a range of different results across each constituent country and further details are provided in the Financial Review section below.

Further details of the movement in NAV are provided in the Financial Review.

Development

SEGRO's development pipeline remains a key engine of current and future growth, but we are taking a cautious approach towards new speculative developments given present market conditions. The 604 hectare land bank is well located around major business centres and logistics distribution channels across Europe, with the potential to develop 2.7 million sq m of buildings over the next few years. Given the economic slowdown which is now evident across the UK and much of Western Europe, our development activities in those markets are largely restricted to proposals underpinned by pre-lets. We continue to experience very strong demand for our product in Central Europe and, consequently, this is one area where we are undertaking new developments on a speculative basis.

In H1 08, 157,239 sq m of developments were completed, of which 114,641 sq m or 73 per cent had either been let or sold by the end of June. Only 14,905 sq m of this was in the UK and 71 per cent of this had been sold or pre-let by the period end. Of the 142,334 sq m of space completed in Continental Europe 75 per cent was in Central Europe. Particular highlights of the construction completed in the first half of the year included some large logistics projects in Poland and these in turn included some of the largest lettings by the time of their completion; for example 11,088 sq m built in Hostivice in the Czech Republic of which 7,348 sq m was let; 19,904 sq m at Strykow in Poland, of which 13,424 sq m was let and the 17,895 sq m office building Tulipan Park, in Warsaw which was sold at the end of June.

At 30 June 2008, SEGRO had 395,458 sq m of development under construction. 60,653 sq m of this was in the UK, with 40,453 sq m either pre-let or sold (including two large data-centre projects on the Slough Trading Estate). 334,805 sq m or 85 per cent was under construction in Continental Europe. 192,933 sq m of this relates to logistics projects in Central Europe.

As already noted, in the present environment of a slowing Western European economy and of falling capital values in the UK, we are being particularly circumspect about the level of capital we wish to invest in speculative development. Accordingly, the updated pipeline and development completions analysis we have published today shows that we have revised down our potential 2008 starts by approximately a net 95,000 sq m or 20 per cent on our estimates at the time of SEGRO's annual results in March 2008. This reflects a 53 per cent reduction in the UK and a 10 per cent reduction in Continental Europe. The scale of any speculative development approvals in the second half of the year will be determined by our ongoing assessment of market conditions.

Dividends

The Directors have declared an unchanged half-year dividend of 8.3 pence per share which will be paid on 3 October 2008 to those shareholders on the register on 5 September 2008. The ex-dividend date is 3 September 2008. The half-year dividend will be paid totally as a Property Income Distribution (PID). The final dividend for 2008 will comprise both PID and regular dividend, the amount and split of which will be declared with the preliminary results for the full-year 2008.

Outlook & priorities

Robust levels of occupier demand underpinned our strong leasing performance in the first half of the year. This has generally continued into H2 08 and so far we have seen enquiry levels holding up well in most of our markets. However, whilst our letting programme has good momentum moving into the second half of the year, we are planning our business on the assumption that the general economic environment will have some impact on the space taken up in Western Europe (including the UK) as the year progresses. Nonetheless, we continue to expect strong demand in the foreseeable future in our Central European markets.

The UK commercial property market remains weak and our expectation is that asset values will continue to deteriorate in the second half of the year and, accordingly, we are maintaining our cautious approach to buying properties or undertaking speculative development in the UK.

Investment yields in some Western European markets are beginning to move out, although the lower interest costs in the Eurozone are likely to provide some support for asset pricing. Therefore, whilst we expect property prices to weaken somewhat in the second half of the year, we do not expect the decline to be as dramatic as we have seen in the UK. There are no signs of a decline in values in the countries in which we operate within Central Europe, but we intend to continue to take advantage of the present market conditions in order to divest some more of our assets in Central Europe in the coming months.

Our key priorities in the second half of the year are broadly the same as they were at the start of the year. In summary these include; carefully managing the Group's financial position, working closely with our customers in order to continue delivering good letting figures, maintaining carefully measured momentum in our development programme and selling mature properties as and when market conditions permit.

FINANCIAL REVIEW

Analysis of movement in net asset value

NAV per share at 30 June 2008 was 605p, down 12.3 per cent from 31 December 2007, with adjusted diluted NAV down 11.5 per cent to 623p. The principal drivers of the change in adjusted diluted NAV are analysed in the table below.

	£m	Pence per share
Adjusted diluted equity attributable to Shareholders at 31 December 2007	**3,056.0**	**704.3**
Property losses	(385.2)	(88.6)
Adjusted profit after tax	66.1	15.2
Currency translation differences	21.7	5.0
Fair value gain on derivatives	11.0	2.5
Ordinary dividends paid	(63.9)	(14.7)
Other items	(0.4)	(0.1)
Dilution adjustment for movement in number of shares	-	(1.1)
Adjusted diluted equity attributable to Shareholders at 30 June 2008	**2,705.3**	**622.5**

Valuation movements

Overall property losses (including gains and losses on valuation and on the sale of investment properties) amounted to £385.2 million in the period. These included valuation losses of £394.6 million and realised losses on disposals of £10.1 million in the UK, partially offset by valuation gains of £19.5 million in Continental Europe.

Property (losses)/gains	**H1 2008 £m**	**H1 2007 £m**
Unrealised valuation gains & losses taken through the income statement	(379.2)	115.2
Gains & losses realised on the sale of investment properties	(10.1)	3.1
	(389.3)	**118.3**
Gains & losses on the revaluation of JV investment properties	(6.3)	8.0
Total property (losses)/gains taken to the income statement	**(395.6)**	**126.3**
Gains & losses taken through the SORIE	10.4	10.7
Total property (losses)/gains	**(385.2)**	**137.0**

Of the losses total above, £404.7 million arise in the UK, offset partially by gains of £19.5 million in Continental Europe. The UK comprises losses on the revaluation of completed investment properties of £347.2 million (including share of joint ventures) and losses of £47.4 million on land and construction in progress. The equivalent amounts for Continental Europe are gains of £7.9 million and £11.6 million respectively.

Group valuation losses on completed investment properties were 7.5 per cent for the half-year, consisting of a decrease of 10.4 per cent in the UK, partially offset by 0.7 per cent gains in Continental Europe. The strongest overall valuation gains, excluding land and properties under the course of construction, were experienced in Central Europe (Czech Republic 1.3 per cent, Poland 2.8 per cent) and the Netherlands (4.4 per cent). As expected, the UK continued to experience valuation declines, with an overall deficit on completed investment properties of 10.4 per cent. Further analysis of the valuation gains and losses is included within the Completed Investment Properties tables in the Property Analysis section of the website (www.segro.com/segro/Investors/Property.htm).

The UK land bank was written down in the period by £50.7 million and this was mitigated somewhat by gains on land under construction of £3.9 million. Of the net loss of £46.8 million, £17.6 million relates to development properties, partially offset by a gain of £0.4 million, with the remaining £29.2 million relating to recycled land and land under construction held within investment properties.

The trading property portfolio has an unrealised valuation surplus of £52.3 million at 30 June 2008, which has not been recognised in the financial statements. This unrealised surplus includes the impact of impairment provisions of £1.7 million charged against profit on sale of trading properties, partially offset by reversals of impairments previously charged against share of profits from joint ventures (£0.3m gain).

Adjusted profit before tax

Following the sale of the US business last year, the continuing operations reported an adjusted profit before tax of £67.4 million for the period, compared with £68.0 million from continuing operations in the first half of 2007. An increase in net property rental income of £22.4 million to £119.3 million was offset by an increase in net finance costs of £16.8 million to £56.6 million (2007: £39.8 million), reduced income from other investments of £1.2 million (2007: £6.2 million) and increased administration expenses.

Reconciliation of adjusted profit before tax	**H1 2008 £m**
Adjusted profit before tax – first half of 2007	**68.0**
Increase in net rental income	22.4
Increased profits from sales of trading properties	2.6
Increased finance costs	(16.8)
Increased administration expenses	(3.6)
Reduced income from other investments	(5.0)
Other changes	(0.2)
Adjusted profit before tax – first half of 2008	**67.4**

Adjusted profit and earnings per share are stated after adjusting for valuation gains/losses and similar items recommended by EPRA and exceptional items. Full details of all the EPRA and exceptional adjustments are provided in note 10 to the attached half-yearly condensed financial statements.

Rental income

Gross rental income increased by £34.8 million (29.2 per cent) to £153.9 million and net rental income increased by 23.1 per cent to £119.3 million. The key drivers of the increase are set out in the table below:

	£m
Net rental income H1 2007	**96.9**
Acquisitions	17.8
Disposals	(3.7)
New developments, re-lettings & rent reviews	15.7
Space returned	(6.9)
Increase in property operating expenses (net of service charge income)	(4.0)
Increase in lease surrender premiums	3.0
Other	0.5
Net rental income H1 2008	**119.3**

Acquisition led growth arose principally from the effect of transactions announced in the second half of 2007 including Neckermann and MPM, Germany (£6.4 million), Lyon and DHL, France (£2.8 million), Vimercate, Italy (£2.6 million) and various other smaller acquisitions (£3.2 million) in Continental Europe, plus £2.8 million from various acquisitions in the UK. This was offset by the loss of rents on disposals, including £3.5 million in the UK.

Lettings of new developments in Poland (£3.1 million) and the UK (£4.2 million), and additional income from Belgium (£1.1 million), France (£1.0 million) and the UK (£3.9 million), contributed to the growth in net rental income. Net property operating expenses increased as a result of the growth in the Continental European portfolio and the abolition of rates relief on empty properties in the UK which added £2.1 million of additional costs in the period.

Trading properties

The profit on disposal of trading properties increased by £2.6 million to £19.5 million, with the most significant transaction being the disposal of Tulipan House, a new office development in Warsaw, generating a profit on disposal of £17.4 million (60.8 per cent).

Administration expenses

Administration expenses show an increase of £3.6 million compared with the equivalent period last year, reflecting the growth in our Continental European business in the second half of last year.

Net finance charges

The increase in net finance costs of 42.2 per cent to £56.6 million (2007: £39.8 million) is mainly a result of acquisitions and capital expenditure since the first half of 2007, currency translation differences and lower interest capitalised. Net gains of £11.0 million (2007: £3.1 million) arising on the revaluation of interest rate swaps and other derivatives have been excluded from adjusted earnings in accordance with EPRA guidelines.

Tax

The underlying tax charge on the adjusted profit before tax of £1.9 million (2007: £1.4 million) remained broadly consistent at 2.8 per cent (2007: 2.1 per cent), reflecting the benefits of the Group's REIT and SIIC status in the UK and France, respectively.

Earnings per share

The IFRS basic loss per share for the Group was 74.8 pence (2007: 41.2 pence gain), whilst diluted adjusted earnings per share increased 7.8 per cent to 15.2 pence compared with 14.1 pence from continuing operations for the equivalent period last year. Adjusted diluted earnings per share from continuing plus discontinued operations for the first half of last year amounted to 17.0 pence and included 2.9 pence in respect of the US business and Slough Heat & Power which were sold in the second half of the year.

Capital expenditure

During the period, the net capital invested was £155.9 million (2007: £14.6 million) including expenditure of £307.6 million (2007: £231.0 million) and sales proceeds of £151.7 million (2007: £216.4 million).

Capital expenditure on investment and development properties	**H1 2008 £m**	**H1 2007 £m**
Land acquisitions	12.8	10.6
Acquisitions of income producing properties	115.0	79.5
Development expenditure	109.8	88.4
	237.6	178.5
Expenditure on trading properties	68.4	43.2
Expenditure on joint venture properties	1.6	9.3
Total capital expenditure	**307.6**	231.0
Less sales proceeds:		
- from disposals of investment properties	(93.5)	(170.7)
- from disposals of trading properties	(58.2)	(45.7)
Net capital expenditure	**155.9**	14.6

Expenditure on trading properties includes £34.5 million relating to acquisitions in Continental Europe, including parts of the MPM and DHL acquisitions, and £33.9 million of development expenditure, of which £30.4 million was spent in Continental Europe.

Since the period end we have announced £110 million of further disposals, as we continue to actively recycle assets where we can no longer add value. Further development expenditure of approximately £150 million may be incurred in the second half of the year.

Disposals and acquisitions – investment properties

Disposals	Price £m	Gain/(loss) over book value %
Bath Road Retail Park, Slough	91.3	(10.6)
Winnersh – land	2.2	46.0

Acquisitions		Price (inc costs) £m
UK	Heston	3.7
France	Aulnay	8.9
	Gonesse	17.5
Germany	Aachen – land	0.7
	Frankfurt, Neckermann	24.3
	Munich - MPM	60.6
Central Europe	Prague, Hostivice - land	12.1

Cash flow

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

	H1 2008 £m	H1 2007* £m
Cash flow from operations	73.6	110.9
Finance costs (net)	(52.1)	(63.8)
Dividends received (net)	1.8	1.7
Tax paid (net)	(3.5)	(1.7)
Free cash flow	19.8	47.1
REIT conversion charge paid	(40.9)	-
Tax paid on sale of US subsidiary undertaking	(117.0)	-
Capital expenditure (excluding trading properties)	(241.2)	(266.7)
Investment property sales (including joint ventures)	95.2	203.9
Ordinary dividends	(66.3)	(56.9)
Other items	4.0	7.5
Net funds flow	(346.4)	(65.1)
Net increase in borrowings	254.1	41.5
Net cash outflow	(92.3)	(23.6)
Opening cash and cash equivalents	340.2	151.0
Exchange rate changes	4.7	(0.1)
Closing cash and cash equivalents	**252.6**	**127.3**

* 2007 figures include cash flows from discontinued operations

Cash flows generated from operations for the period were £73.6 million, a decrease of £37.3 million from 2007 due to the disposal of the US business since the prior period, which generated cash flows of £34.0 million in the prior period.

Finance costs of £52.1 million, net of interest income, were lower by £11.7 million due to the reduction in debt following the disposal of the US business, offset by subsequent increases in borrowings related to our Continental European business. This is reflected in the net increase in borrowings of £254.1 million.

The final REIT conversion charge of £40.9 million was paid in the period and tax payments of £117.0 million were paid in respect of the sale of the US business, with a further US tax payment of approximately £100 million made subsequent to 30 June 2008.

After payment of the dividend, there was a net funds outflow of £346.4 million (2007 £65.1 million). Allowing for the increase in borrowings in 2008, the net cash outflow for the period was £92.3 million (2007 £23.6 million).

Financial position

At 30 June 2008, the Group's borrowings totalled £2,395.1 million (31 December 2007: £2,049.4 million). Cash balances totalled £265.3 million (2007: £348.3 million), resulting in reported net debt amounting to £2,129.8 million (2007: £1,701.1 million). The weighted average maturity of the debt portfolio was 9.6 years. Unsecured borrowings represent 96 per cent of gross debt at the period end.

Net debt to adjusted equity gearing was 79 per cent (2007: 56 per cent) at 30 June 2008. The loan to value ratio (net debt divided by property assets) was 43 per cent (2007: 34 per cent).

Interest cover based upon adjusted profit before interest and tax and adjusted net finance costs was 2.2 times (2007: 2.6 times), or 2.1 times (2007: 2.4 times) if capitalised interest is included. The market value of borrowings of the Group at the end of June 2008 was £159.5 million lower than the book value.

Funds availability at 30 June totalled £801.5 million, comprised of £265.3 million of cash deposits and £536.2 million of undrawn bank facilities. Of this total, £109.4 million represents uncommitted or short-term lines, £19.8 million matures in 2009 and £211.7 million matures in 2010. The Group's first bond maturity is £124.7 million in 2010.

Interest rate exposure

As at 30 June 2008, 85 per cent (2007: 83 per cent) of the debt portfolio attracted a fixed or capped rate of interest at a weighted average rate of 5.5 per cent (2007: 5.6 per cent). Much of this debt was in the form of fixed rate debt issues raised through Sterling Eurobonds. Such fixed-rate debt issues are held in the balance sheet at amortised cost. Interest rate swaps, caps, collars and forward rate agreements are also used to convert variable rate bank debt to fixed rate. Including the 15 per cent of debt remaining at variable interest rates, the overall weighted average cost of debt remains at 5.5 per cent (2007: 5.5 per cent).

Principal risks and uncertainties

The Group continues to be exposed to a number of risks and uncertainties and has a structured approach to identifying, assessing and acting on those risks. The key areas of business risk are kept under regular review and have not changed significantly in the first half of 2008. These include: general property investment risks; development risks; geographic risks; business continuity and financial risks. Further details of the Group's risks and risk management process can be found on pages 20-21 of the Annual Report 2007.

In the near term, the main area of uncertainty is associated with the business impact of any further downturn in the economic environment in the UK and/or Continental Europe. Such a downturn could lead to a weakening in the demand for our properties by occupiers and real estate investors, increased vacancy and empty property costs such as rates, an inability to sell properties at attractive prices, a further reduction in property values and an increase in the Group's gearing level. There is also a potential for finance charges to increase on the variable part of the Group's debt and on any new debt taken on.

To date, we have continued to experience good demand for existing and new space in most of our geographic markets and there has been no increase in the level of customer insolvencies compared to recent years. UK property values in all sectors have declined significantly over the past 12 months and we expect further declines in the months ahead, albeit at a slower rate of decline. On the Continent, the values of our properties have, so far, held up well but we anticipate there could be some weakening in the second half of the year.

SEGRO plc

Responsibility statement

We confirm to the best of our knowledge:

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

b) 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

c) 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

Chief Executive

Ian Coull
26 August 2008

Group Finance Director

David Sleath
26 August 2008

SEGRO plc

Independent review report to SEGRO plc

Introduction

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 2008 which comprises the condensed income statement, the condensed balance sheet, the condensed statement of changes in recognised income and expense, the condensed cash flow and related notes 1 to 17. 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" (ISRE 2410) issued by the Auditing Practices Board for use in the United Kingdom. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an 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 International Financial Reporting Standards (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 2410. 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 financial statements in the half-yearly financial report for the six months ended 30 June 2008 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 & Touche LLP
Chartered Accountants and Registered Auditors
London, UK
26 August 2008

SEGRO plc

Condensed Group income statement
For the six months ended 30 June 2008

		Half year to 30 June 2008			Half year to 30 June 2007			Year to 31 December 2007		
		Adjusted income & expense[1]	Adjustments[2]	Total income & expense	Adjusted income & expense[1]	Adjustments[2]	Total income & expense	Adjusted income & expense[1]	Adjustments[2]	Total income & expense
Continuing operations	Note	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	3	**212.0**	**-**	**212.0**	164.8	-	164.8	342.8	-	342.8
Gross property rental income		**153.9**	**-**	**153.9**	119.1	-	119.1	258.8	-	258.8
Property operating expenses		**(34.6)**	**-**	**(34.6)**	(22.2)	-	(22.2)	(54.9)	0.9	(54.0)
Net property rental income		**119.3**	**-**	**119.3**	96.9	-	96.9	203.9	0.9	204.8
Profit on sale of trading properties less provisions		**19.5**	**-**	**19.5**	16.9	-	16.9	22.0	-	22.0
Share of (losses)/profits from property joint ventures and associates after tax	7	**1.0**	**(4.4)**	**(3.4)**	1.2	6.0	7.2	4.0	1.6	5.6
Other investment income		**1.2**	**-**	**1.2**	6.2	-	6.2	18.4	-	18.4
Administration expenses		**(17.0)**	**-**	**(17.0)**	(13.4)	-	(13.4)	(34.5)	-	(34.5)
Property (losses)/gains	4	**-**	**(389.3)**	**(389.3)**	-	118.3	118.3	-	(382.2)	(382.2)
Operating (loss)/profit		**124.0**	**(393.7)**	**(269.7)**	107.8	124.3	232.1	213.8	(379.7)	(165.9)
Finance income	5	**7.0**	**12.6**	**19.6**	14.0	3.1	17.1	17.6	3.5	21.1
Finance costs	6	**(63.6)**	**(1.6)**	**(65.2)**	(53.8)	-	(53.8)	(100.1)	(1.6)	(101.7)
(Loss)/profit before tax		**67.4**	**(382.7)**	**(315.3)**	68.0	127.4	195.4	131.3	(377.8)	(246.5)
Tax (charge)/credit - current		**(1.5)**	**(1.2)**	**(2.7)**	(0.6)	(14.2)	(14.8)	(2.4)	(13.9)	(16.3)
- deferred		**(0.4)**	**(6.2)**	**(6.6)**	(0.8)	14.2	13.4	0.5	17.9	18.4
Total tax	8	**(1.9)**	**(7.4)**	**(9.3)**	(1.4)	-	(1.4)	(1.9)	4.0	2.1
(Loss)/profit from continuing operations		**65.5**	**(390.1)**	**(324.6)**	66.6	127.4	194.0	129.4	(373.8)	(244.4)
Discontinued operations										
Profit after tax from discontinued operations	16	-	-	-	13.8	18.5	32.3	18.7	151.9	170.6
(Loss)/profit for the period		**65.5**	**(390.1)**	**(324.6)**	80.4	145.9	226.3	148.1	(221.9)	(73.8)
Attributable to equity shareholders		**66.1**	**(390.6)**	**(324.5)**	79.6	145.4	225.0	147.6	(222.5)	(74.9)
Attributable to minority interests		**(0.6)**	**0.5**	**(0.1)**	0.8	0.5	1.3	0.5	0.6	1.1
		65.5	**(390.1)**	**(324.6)**	80.4	145.9	226.3	148.1	(221.9)	(73.8)
Earnings per share										
From continuing operations										
Basic (loss)/earnings per share	10			**(74.8) p**			41.2 p			(53.6) p
Diluted (loss)/earnings per share	10			**(74.8) p**			41.1 p			(53.6) p

Notes

1. 'Adjusted income & expense' relates to the Group's income and expense after EPRA adjustments and excluding exceptional items.

2. EPRA adjustments arise from adopting the recommendations of the Best Practices Committee of the European Public Real Estate Association ("EPRA") as appropriate. Exceptional items are disclosed separately due to their size or incidence to enable a better understanding of performance. Both these types of adjustments are described in Note 10.

SEGRO plc

Condensed Group statement of recognised income and expense (SORIE)
For the six months ended 30 June 2008

Continuing and discontinued operations	Note	**Half year to 30 June 2008 £m**	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
Revaluation gains on properties in the course of development	4	**10.4**	2.3	3.3
Revaluation gains on properties in the course of development in joint ventures	4	**-**	0.5	-
Exchange movement arising on translation of international operations		**25.3**	(4.6)	14.3
Actuarial (losses)/gains on defined benefit pension schemes		**(4.2)**	9.8	6.8
(Decrease)/increase in value of available-for-sale investments		**(0.2)**	5.0	8.1
Tax on items taken directly to equity		**-**	0.1	0.1
Net gain recognised directly in equity		**31.3**	13.1	32.6
Transfer to income statement on sale of available-for-sale investments		**(1.0)**	(2.3)	(4.3)
Transfer to income statement exchange realised on sale of US property business		**-**	-	3.5
(Loss)/profit for the period from continuing operations		**(324.6)**	194.0	(244.4)
Profit for the period from discontinued operations		**-**	32.3	170.6
Total recognised income and expense for the period		**(294.3)**	237.1	(42.0)
Attributable to - equity shareholders		**(294.2)**	235.8	(43.1)
- minority interests		**(0.1)**	1.3	1.1
		(294.3)	237.1	(42.0)

SEGRO plc

Condensed Group balance sheet
As at 30 June 2008

	Note	**30 June 2008 £m**	30 June 2007 £m	31 December 2007 £m
Assets				
Non-current assets				
Goodwill		**0.8**	0.7	0.8
Investment properties	11	**4,293.6**	4,509.4	4,485.5
Development and owner occupied properties	11	**342.1**	272.6	289.5
Plant and equipment		**8.8**	48.3	5.8
Investments in joint ventures and associates	7	**69.4**	70.7	73.4
Finance lease receivables		**10.4**	10.5	10.4
Available-for-sale investments		**35.2**	40.3	39.5
		4,760.3	4,952.5	4,904.9
Current assets				
Trading properties		**285.6**	149.1	236.0
Trade and other receivables		**132.5**	127.5	134.5
Cash and cash equivalents		**265.3**	128.9	348.3
Tax recoverable		**0.9**	5.2	0.7
Non-current assets held for sale	16	**-**	1,272.9	-
Finance lease receivables		**0.1**	0.1	0.1
Inventories		**-**	2.0	-
		684.4	1,685.7	719.6
Total assets		**5,444.7**	6,638.2	5,624.5
Liabilities				
Non-current liabilities				
Borrowings	12	**2,305.9**	1,841.9	1,997.3
Provisions for liabilities and charges	13	**85.3**	81.1	69.8
Trade and other payables		**16.2**	15.6	18.7
		2,407.4	1,938.6	2,085.8
Current liabilities				
Borrowings	12	**89.2**	69.6	52.1
Tax liabilities		**123.9**	100.1	283.3
Trade and other payables		**194.5**	225.7	213.6
Liabilities directly associated with assets classified as held for sale	16	**-**	752.4	-
		407.6	1,147.8	549.0
Total liabilities		**2,815.0**	3,086.4	2,634.8
Net assets		**2,629.7**	3,551.8	2,989.7
Equity				
Share capital		**118.3**	118.0	118.1
Share premium		**370.4**	368.0	368.9
Own shares held		**(13.8)**	(17.3)	(16.8)
Revaluation reserve		**1,064.7**	2,240.4	1,535.7
Other reserves		**56.1**	78.4	66.0
Retained earnings		**1,033.4**	759.7	917.1
Total shareholders' equity		**2,629.1**	3,547.2	2,989.0
Minority interests		**0.6**	4.6	0.7
Total equity	14	**2,629.7**	3,551.8	2,989.7
Net assets per ordinary share				
Basic	10	**605p**	756p	690p
Diluted	10	**605p**	755p	689p

SEGRO plc

Condensed Group cash flow statement
For the six months ended 30 June 2008

	Note	Half year to 30 June 2008 £m	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
Cash flows from operating activities	15(i)	**73.6**	110.9	181.9
Interest received on deposits and loans		**7.6**	3.7	22.9
Dividends received		**1.8**	3.0	3.8
Interest paid		**(59.7)**	(67.5)	(147.5)
Minority dividends paid		**-**	(1.3)	(1.3)
Tax paid		**(44.4)**	(1.7)	(40.4)
Net cash (used in)/received from operating activities		**(21.1)**	47.1	19.4
Cash flows from investing activities				
Purchase of subsidiary undertakings (net of cash acquired)		**-**	-	(95.8)
Sale of US property business (net of cash disposed of)		**(0.5)**	-	1,451.9
Tax paid on sale of US property business		**(117.0)**	-	(87.2)
Sale of Slough Heat & Power		**(2.4)**	-	47.8
Purchase and development of investment properties		**(164.9)**	(125.5)	(390.7)
Sale of investment properties		**92.4**	194.4	193.4
Purchase and development of property, plant and equipment		**(74.0)**	(108.1)	(249.7)
Sale of property, plant and equipment		**-**	0.4	13.9
Purchase of available-for-sale investments		**(2.0)**	(0.4)	(4.7)
Proceeds from disposal of available-for-sale investments		**7.7**	8.7	27.6
Investment and loans to joint ventures and associates		**(2.3)**	(16.1)	(21.0)
Repayment of loans by joint ventures		**2.8**	9.1	5.2
Acquisition of minority interests		**-**	(17.0)	(20.7)
Transfer to restricted deposits		**(0.1)**	(1.5)	(0.2)
Net cash (used in)/received from investing activities		**(260.3)**	(56.0)	869.8
Cash flows from financing activities				
Dividend paid to ordinary shareholders		**(66.3)**	(56.9)	(335.9)
Proceeds from new loans		**2.5**	23.6	62.4
Repayment of loans		**(3.9)**	(12.3)	(244.7)
Net increase/(decrease) in other borrowings		**255.5**	30.2	(179.6)
Proceeds from the issue of ordinary shares		**1.7**	0.7	1.7
Purchase of own shares		**(0.4)**	-	(7.4)
Net cash received from/(used in) financing activities		**189.1**	(14.7)	(703.5)
Net (decrease)/increase in cash and cash equivalents		**(92.3)**	(23.6)	185.7
Cash and cash equivalents at the beginning of the period		**340.2**	151.0	151.0
Effect of foreign exchange rate changes		**4.7**	(0.1)	3.5
Cash and cash equivalents at the end of the period		**252.6**	127.3	340.2
Cash and cash equivalents per balance sheet		**265.3**	128.9	348.3
Cash and cash equivalents included in the assets held for sale		**-**	8.3	-
Less restricted deposits		**(4.2)**	(5.4)	(4.1)
		261.1	131.8	344.2
Bank overdrafts		**(8.5)**	(4.5)	(4.0)
Cash and cash equivalents per cash flow		**252.6**	127.3	340.2

SEGRO plc

Notes to the condensed financial statements

1. Basis of preparation

The condensed financial statements for the six months ended 30 June 2008 were approved by the Board of Directors on 26 August 2008.

The unaudited financial information contained in this report does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The financial information for the year to 31 December 2007 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 and did not contain a statement made under S237(2) or S237(3) of the Companies Act 1985. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with International Accounting Standards 34 'Interim Financial Reporting', as adopted by the European Union.

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

SEGRO plc

Notes to the condensed financial statements (continued)

2. Segmental analysis

Adjusted profit – continuing operations	United Kingdom* Half year 2008 £m	Half year 2007 £m	Year 2007 £m	Continental Europe Half year 2008 £m	Half year 2007 £m	Year 2007 £m	Group Half year 2008 £m	Half year 2007 £m	Year 2007 £m
Segment revenue	**111.9**	155.3	254.9	**100.1**	29.0	87.9	**212.0**	184.3	342.8
Gross property rental income	**103.7**	97.5	206.6	**50.2**	21.6	52.2	**153.9**	119.1	258.8
Property operating expenses	**(22.8)**	(17.6)	(46.5)	**(11.8)**	(4.6)	(8.4)	**(34.6)**	(22.2)	(54.9)
Net property rental income	**80.9**	79.9	160.1	**38.4**	17.0	43.8	**119.3**	96.9	203.9
Profit on sale of trading properties	**2.6**	14.0	14.9	**16.9**	2.9	7.1	**19.5**	16.9	22.0
Share of profits/(losses) from property joint ventures and associates after tax	**0.7**	1.2	5.5	**0.3**	-	(1.5)	**1.0**	1.2	4.0
Other investment income	**1.2**	6.2	18.4	**-**	-	-	**1.2**	6.2	18.4
Administration expenses	**(9.9)**	(10.1)	(23.1)	**(7.1)**	(3.3)	(11.4)	**(17.0)**	(13.4)	(34.5)
Operating profit	**75.5**	91.2	175.8	**48.5**	16.6	38.0	**124.0**	107.8	213.8
Net finance costs	**(35.9)**	(30.3)	(54.4)	**(20.7)**	(9.5)	(28.1)	**(56.6)**	(39.8)	(82.5)
Profit before tax	**39.6**	60.9	121.4	**27.8**	7.1	9.9	**67.4**	68.0	131.3
Tax - current	**(0.4)**	0.3	0.5	**(1.1)**	(0.9)	(2.9)	**(1.5)**	(0.6)	(2.4)
- deferred	**(0.1)**	(1.8)	(0.7)	**(0.3)**	1.0	1.2	**(0.4)**	(0.8)	0.5
Adjusted profit after tax from continuing operations	**39.1**	59.4	121.2	**26.4**	7.2	8.2	**65.5**	66.6	129.4
EPRA adjustments									
Net property rental income	**-**	-	-	**-**	-	0.9	**-**	-	0.9
Share of (losses)/profits from property joint ventures and associates after tax	**(4.4)**	4.7	1.6	**-**	1.3	-	**(4.4)**	6.0	1.6
Property (losses)/gains	**(397.2)**	64.7	(439.1)	**7.9**	53.6	56.9	**(389.3)**	118.3	(382.2)
Net finance costs	**8.2**	0.6	0.7	**2.8**	2.5	1.2	**11.0**	3.1	1.9
Tax - deferred	**(2.3)**	-	(0.1)	**(3.9)**	14.2	18.0	**(6.2)**	14.2	17.9
Total EPRA adjustments	**(395.7)**	70.0	(436.9)	**6.8**	71.6	77.0	**(388.9)**	141.6	(359.9)
Exceptional adjustments									
Tax – current	**-**	-	-	**(1.2)**	(14.2)	(13.9)	**(1.2)**	(14.2)	(13.9)
Total exceptional adjustments	**-**	-	-	**(1.2)**	(14.2)	(13.9)	**(1.2)**	(14.2)	(13.9)
Total adjustments	**(395.7)**	70.0	(436.9)	**5.6**	57.4	63.1	**(390.1)**	127.4	(373.8)
(Loss)/profit after tax from continuing operations	**(356.6)**	129.4	(315.7)	**32.0**	64.6	71.3	**(324.6)**	194.0	(244.4)
Profit after tax from discontinued operations **	**-**	-	-	**-**	-	-	**-**	32.3	170.6
(Loss)/profit after tax	**(356.6)**	129.4	(315.7)	**32.0**	64.6	71.3	**(324.6)**	226.3	(73.8)
Summary balance sheet									
Continuing operations									
Total property assets	**3,339.8**	4,186.1	3,792.4	**1,735.1**	874.4	1,390.2	**5,074.9**	5,060.5	5,182.6
Other assets (excluding cash)	**118.2**	167.3	138.0	**76.4**	44.9	76.3	**194.6**	212.2	214.3
Segment assets *	**3,458.0**	4,353.4	3,930.4	**1,811.5**	919.3	1,466.5	**5,269.5**	5,272.7	5,396.9
Deferred tax liability	**(8.6)**	(1.5)	(9.0)	**(78.9)**	(55.9)	(68.5)	**(87.5)**	(57.4)	(77.5)
Other liabilities (excluding borrowings)	**(287.4)**	(365.4)	(513.4)	**(135.1)**	(74.7)	(115.2)	**(422.5)**	(440.1)	(628.6)
Segment liabilities *	**(296.0)**	(366.9)	(522.4)	**(214.0)**	(130.6)	(183.7)	**(510.0)**	(497.5)	(706.1)
Net segment assets	**3,162.0**	3,986.5	3,408.0	**1,597.5**	788.7	1,282.8	**4,759.5**	4,775.2	4,690.8
Net external borrowings	**(1,405.8)**	(1,320.0)	(1,089.3)	**(724.0)**	(462.6)	(611.8)	**(2,129.8)**	(1,782.6)	(1,701.1)
Net inter-segment borrowings	**252.2**	210.2	287.6	**(252.2)**	(48.7)	(287.6)	**-**	161.5	-
Net assets continuing	**2,008.4**	2,876.7	2,606.3	**621.3**	277.4	383.4	**2,629.7**	3,154.1	2,989.7
Net assets of discontinued operations **							**-**	397.7	-
Net assets							**2,629.7**	3,551.8	2,989.7

* The figures for United Kingdom include income from US available-for-sale investments which are not part of the disposal group. In prior periods, this income was classified in the USA segment.

** Discontinued operations comprise the US property business and Slough Heat & Power Limited, which appeared under the segments USA and UK respectively in prior years.

*** Includes the Group's share of assets and liabilities held by joint ventures.

SEGRO plc

Notes to the condensed financial statements (continued)

3. Revenue	**Half year to 30 June 2008 £m**	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
Rental income from investment properties	**127.7**	109.8	224.7
Surrender premiums	**7.1**	4.1	11.6
Interest received on finance lease assets	**0.4**	0.4	0.8
Service charge income	**10.9**	2.7	11.8
Investment and development property rental income	**146.1**	117.0	248.9
Trading property rental income	**7.8**	2.1	9.9
Gross property rental income	**153.9**	119.1	258.8
Proceeds from sale of trading properties	**58.1**	45.7	84.0
Total revenue	**212.0**	164.8	342.8

4. Property (losses)/gains	**Half year to 30 June 2008 £m**	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
Income statement - valuation (deficits)/surpluses	**(379.2)**	115.2	(385.2)
- (losses)/profits from the sale of investment properties	**(10.1)**	3.1	3.0
Total property (losses)/gains per income statement	**(389.3)**	118.3	(382.2)
Statement of recognised income and expense – development valuation surpluses	**10.4**	10.2	11.2
Share of joint ventures' valuation (losses)/gains	**(6.3)**	8.5	(1.1)
Total property (losses)/gains	**(385.2)**	137.0	(372.1)

5. Finance income	**Half year to 30 June 2008 £m**	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
Interest received on bank deposits	**6.6**	2.9	16.6
Fair value gains on interest rate swaps and other derivatives	**12.6**	3.1	3.5
Return on pension assets less unwinding of discount on pension liabilities	**0.4**	0.3	0.7
Exchange differences	**-**	10.8	0.3
Total finance income	**19.6**	17.1	21.1

6. Finance costs	**Half year to 30 June 2008 £m**	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
Interest on overdrafts and loans	**62.9**	52.2	106.5
Unwinding of discount on pension liabilities less return on pension assets	**0.1**	0.1	0.1
Total borrowing costs	**63.0**	52.3	106.6
Less amount capitalised on the development of:			
Trading properties	**(0.3)**	(1.0)	(0.9)
Investment and development properties	**(2.0)**	(4.9)	(5.6)
Net borrowing costs	**60.7**	46.4	100.1
Fair value losses on interest rate swaps and other derivatives	**1.6**	-	1.6
Exchange differences	**2.9**	7.4	-
Total finance costs	**65.2**	53.8	101.7

Notes to the condensed financial statements (continued)

7. Investments in joint ventures and associates

7(i) Share of (losses)/profits from joint ventures and associates after tax

	Half year to 30 June 2008 £m	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
Adjusted profits before tax – investment properties	**1.7**	1.4	2.9
Adjusted (losses)/profits before tax – trading properties	**(0.7)**	-	3.0
	1.0	1.4	5.9
Valuation (deficits)/surpluses – investment properties	**(6.3)**	8.0	(1.1)
	(5.3)	9.4	4.8
Current tax – investment properties	**(0.3)**	(0.2)	(0.5)
Current tax – trading properties	**0.3**	-	(1.4)
Deferred tax – investment properties	**1.9**	(2.0)	2.7
Group share of (losses)/profits after tax	**(3.4)**	7.2	5.6
Analysed between:			
Investment properties	**(3.0)**	7.2	4.0
Trading properties	**(0.4)**	-	1.6
	(3.4)	7.2	5.6

7(ii) Summarised financial information of Group's share of joint ventures and associates

	30 June 2008 £m	30 June 2007 £m	31 December 2007 £m
Balance sheet			
Investment and development properties	**106.5**	128.6	111.0
Total non-current assets	**106.5**	128.6	111.0
Trading properties	**47.1**	25.7	60.6
Other receivables	**6.0**	7.6	22.6
Cash	**14.7**	8.1	12.7
Total current assets	**67.8**	41.4	95.9
Total assets	**174.3**	170.0	206.9
Mortgages and loans	**78.2**	71.0	87.5
Deferred tax	**10.2**	21.0	12.0
Other liabilities	**4.8**	0.1	24.7
Total non-current liabilities	**93.2**	92.1	124.2
Other liabilities	**11.7**	7.2	9.3
Total current liabilities	**11.7**	7.2	9.3
Total liabilities	**104.9**	99.3	133.5
Group's share of net assets	**69.4**	70.7	73.4

SEGRO plc

Notes to the condensed financial statements (continued)

8. Tax

	Half year to 30 June 2008 £m	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
Current tax			
United Kingdom			
Corporation tax charged (30 per cent, changed to 28 per cent from 1 April 2008)	**0.3**	-	0.8
Adjustments in respect of earlier years	**-**	(1.4)	(1.7)
	0.3	(1.4)	(0.9)
International			
Current tax charge	**1.3**	2.0	2.7
SIIC conversion charge	**1.1**	14.2	13.9
Adjustments in respect of earlier years	**-**	-	0.6
	2.4	16.2	17.2
Total current tax	**2.7**	14.8	16.3
Deferred tax			
Release on conversion to SIIC / REIT in respect of investment properties	**(1.0)**	(29.6)	(30.2)
Origination and reversal of timing differences	**1.5**	2.4	2.7
Released in respect of property disposals in the period	**-**	-	(0.1)
On valuation surpluses	**2.9**	12.2	8.9
Total deferred tax in respect of investment properties	**3.4**	(15.0)	(18.7)
Other deferred tax	**3.2**	1.6	0.3
Total deferred tax	**6.6**	(13.4)	(18.4)
Total tax charge/(credit)	**9.3**	1.4	(2.1)

9. Dividends

	Half year to 30 June 2008 £m	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
Ordinary dividends paid			
Final dividend for 2007 @ 14.7p per share	63.9	-	-
Special dividend for 2007 @ 53.0p per share	**-**	-	250.0
Interim dividend for 2007 @ 8.3p per share	**-**	-	35.0
Final dividend for 2006 @ 12.1p per share	**-**	56.9	56.9
	63.9	56.9	341.9

The Board have proposed an interim dividend of 8.3 pence per ordinary share (2007 8.3 pence). This dividend has not been recognised in the condensed financial statements.

10. 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 (2.2 million for the half year 2008, 3.3 million for the half year 2007 and 2.9 million for the full year 2007).

10(i) Earnings per ordinary share

	Half year 2008			Half year 2007			Full year 2007		
	Earnings £m	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	**(324.5)**	**434.1**	**(74.8)**	192.9	468.7	41.2	(245.3)	457.1	(53.6)
Dilution adjustments:									
Share options and save-as-you-earn schemes	**-**	**0.1**	**-**	-	0.8	0.1	-	0.7	-
Diluted	**(324.5)**	**434.2**	**(74.8)**	192.9	469.5	41.1	(245.3)	457.8	(53.6)
Adjusted									
EPRA adjustments:									
Negative goodwill credited, net	**-**		**-**	-		-	(0.9)		(0.2)
Share of joint ventures and associates revaluation deficit/(surplus) after tax	**4.4**		**1.0**	(6.0)		(1.3)	(1.6)		(0.3)
Investment property revaluation deficit/(surplus)	**379.2**		**87.4**	(115.2)		(24.5)	385.2		84.2
(Loss)/profit on sale of investment properties	**10.1**		**2.3**	(3.1)		(0.6)	(3.0)		(0.6)
Adjustments for fair value of derivatives, finance income	**(12.6)**		**(2.9)**	(3.1)		(0.6)	1.6		0.3
Adjustments for fair value of derivatives, finance costs	**1.6**		**0.4**	-		-	(3.5)		(0.8)
EPRA adjustments before tax	**382.7**		**88.2**	(127.4)		(27.0)	377.8		82.6
Deferred tax on investment and development property which does not crystallise unless sold	**3.4**		**0.8**	(15.0)		(3.2)	(18.1)		(3.9)
Other deferred tax	**2.8**		**0.6**	0.8		0.1	0.2		-
Total EPRA adjustments after tax	**388.9**		**89.6**	(141.6)		(30.1)	359.9		78.7
Exceptional items (excluding minority interests)									
France SIIC conversion charge	**1.2**		**0.3**	14.2		3.0	13.9		3.0
Total exceptional items before tax	**1.2**		**0.3**	14.2		3.0	13.9		3.0
Tax effect of exceptional items	**-**		**-**	-		-	-		-
Total exceptional items after tax	**1.2**		**0.3**	14.2		3.0	13.9		3.0
Minority interest on adjustments	**0.5**		**0.1**	0.5		0.1	0.6		0.1
Total adjustments	**390.6**		**90.0**	(126.9)		(27.0)	374.4		81.8
Adjusted diluted	**66.1**	**434.2**	**15.2**	66.0	469.5	14.1	129.1	457.8	28.2
Adjusted basic	**66.1**	**434.1**	**15.2**	66.0	468.7	14.1	129.1	457.1	28.2

The Group has presented the income statement in a three-column format, so as to present adjusted amounts to exclude the impact of EPRA adjustments, exceptional items and related tax. The Directors consider that the adjusted figures give a useful comparison for the periods shown in the consolidated financial statements.

EPRA adjustments arise from adopting the recommendations of the Best Practices Committee of the European Public Real Estate Association as appropriate. Exceptional items are items that are disclosed separately due to their size or incidence to enable a better understanding of performance.

Notes to the condensed financial statements (continued)

10. Earnings and net assets per ordinary share (continued)

10(ii) Net assets per share

	Half year 2008			Half year 2007			Full year 2007		
	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	**2,629.1**	**434.5**	**605**	3,547.2	468.9	756	2,989.0	433.2	690
Dilution adjustments:									
Share options and save-as-you-earn schemes	**-**	**0.1**	**-**	-	0.8	1	-	0.7	1
Diluted	**2,629.1**	**434.6**	**605**	3,547.2	469.7	755	2,989.0	433.9	689
Adjusted									
Adjustment for deferred tax on investment properties:									
- capital allowances	**39.3**		**9**	83.2		18	30.8		7
- valuation surpluses	**36.9**		**9**	178.2		38	36.2		8
Adjusted diluted NAV	**2,705.3**	**434.6**	**623**	3,806.6	469.7	811	3,056.0	433.9	704
Adjusted basic NAV	**2,705.3**	**434.5**	**623**	3,808.6	468.9	812	3,056.0	433.2	705
Triple net NAV (NNNAV)									
Fair value of debt net of tax	**111.6**		**26**	1.6		-	44.9		10
Deferred tax in respect of capital allowances	**(39.3)**		**(9)**	(83.2)		(18)	(30.8)		(7)
Deferred tax in respect of valuation surpluses	**(36.9)**		**(9)**	(178.2)		(38)	(36.2)		(8)
Fair value of trading properties	**52.3**		**12**	-		-	74.3		17
Diluted triple net NAV (NNNAV)	**2,793.0**	**434.6**	**643**	3,548.8	469.7	755	3,108.2	433.9	716
Basic triple net NAV (NNNAV)	**2,793.0**	**434.5**	**643**	3,548.8	468.9	756	3,108.2	433.2	717

11. Property assets

11(i) Total property assets

Properties are included in the balance sheet as follows:

Properties carried at valuation:	**30 June 2008 £m**	30 June 2007 £m	31 December 2007 £m
Investment properties	**4,293.6**	4,509.4	4,485.5
Development and owner occupied properties	**342.1**	272.6	289.5
Classified as held for sale in current assets	**-**	1,156.6	-
Total assets externally valued	**4,635.7**	5,938.6	4,775.0
Group's share of investment properties within joint ventures and associates	**106.5**	128.6	111.0
Total properties carried at valuation	**4,742.2**	6,067.2	4,886.0
Properties carried at cost:			
Trading properties	**285.6**	149.1	236.0
Group's share of trading properties within joint ventures and associates	**47.1**	25.7	60.6
Total properties carried at the lower of cost and net realisable value	**332.7**	174.8	296.6
Total properties	**5,074.9**	6,242.0	5,182.6

Investment, development and owner occupied properties were externally valued as at 30 June 2008 by CB Richard Ellis, DTZ Debenham Tie Leung, Colliers CRE or King Sturge. The valuation basis is market value, conforms to international valuation standards and was arrived at by reference to market evidence of the transaction prices for similar properties. All the valuers listed above are qualified valuers who hold a recognised and relevant professional qualification and have recent experience in the relevant location and category of the properties being valued. All the valuers have adopted policies for the regular rotation of the responsible valuer.

During the period ended 30 June 2007, trading properties of £97.7m were transferred to investment and development properties. In the subsequent period to 31 December 2007, it was determined that the classification of these properties as trading properties should be maintained and accordingly the transfer to investment and development properties was reversed. The comparatives for the period ended 30 June 2007 remain as previously reported.

Notes to the condensed financial statements (continued)

11. Property assets (continued)

11(ii) Investment, development and owner occupied properties

	Investment property £m	Development and owner occupied property £m	Total £m
Cost or valuation			
At 1 January 2008	4,450.5	292.0	4,742.5
Exchange movement	77.8	15.0	92.8
Acquisitions	115.0	12.8	127.8
Additions	51.3	58.5	109.8
Disposals	(102.5)	-	(102.5)
Transfer to investment properties	27.6	(27.6)	-
Revaluation deficit during the period	(362.9)	(5.9)	(368.8)
At 30 June 2008	**4,256.8**	**344.8**	**4,601.6**
Tenant lease incentives, letting fees and rental guarantees			
At 1 January 2008	35.0	-	35.0
Net movement	1.8	-	1.8
At 30 June 2008	**36.8**	**-**	**36.8**
Depreciation			
At 1 January 2008	-	2.5	2.5
Additions	-	0.2	0.2
At 30 June 2008	**-**	**2.7**	**2.7**
Net book value at 30 June 2008	**4,293.6**	**342.1**	**4,635.7**
UK	**3,117.5**	101.4	3,218.9
Continental Europe	**1,176.1**	240.7	1,416.8
Net book value at 30 June 2008	**4,293.6**	**342.1**	**4,635.7**

12. Borrowings

	30 June 2008 £m	30 June 2007 £m	31 December 2007 £m
The maturity profile of borrowings is as follows:			
In one year or less	**89.2**	272.4	52.1
In more than one year but less than two	**126.9**	25.9	4.6
In more than two years but less than five	**981.0**	905.2	796.1
In more than five years but less than ten	**382.0**	186.0	182.8
In more than ten years	**816.0**	1,012.4	1,013.8
Total debt	**2,395.1**	2,401.9	2,049.4
Less transferred to liabilities directly associated with assets classified as held for sale	**-**	(490.4)	-
Total debt per balance sheet	**2,395.1**	1,911.5	2,049.4
Total debt is split between secured and unsecured borrowings as follows:			
Secured (on land and buildings)	**85.2**	81.8	80.2
Unsecured	**2,309.9**	2,320.1	1,969.2
Total debt	**2,395.1**	2,401.9	2,049.4
Currency profile of total borrowings			
Sterling	**1,288.3**	1,285.3	1,285.8
US dollars	**-**	538.2	-
Canadian dollars	**-**	11.7	-
Euros	**1,106.8**	566.7	763.6
Total debt	**2,395.1**	2,401.9	2,049.4
Maturity profile of undrawn borrowing facilities			
In one year or less	**68.0**	343.5	49.3
In more than one year but less than two	**14.7**	2.8	-
In more than two years	**453.5**	504.8	738.9
Total available undrawn facilities	**536.2**	851.1	788.2
Fair value of financial instruments			
Book value of debt	**2,395.1**	2,401.9	2,049.4
Derivatives	**(19.1)**	(17.3)	(4.2)
Book value of debt including derivatives	**2,376.0**	2,384.6	2,045.2
Net fair market value	**2,216.5**	2,382.3	2,000.3
Pre-tax mark to market adjustment	**159.5**	2.3	44.9
Tax relief due on early redemption/termination	**(47.9)**	(0.7)	(13.5)
After tax mark to market adjustment	**111.6**	1.6	31.4

Notes to the condensed financial statements (continued)

13. Provisions for liabilities and charges

	Retirement benefit schemes £m	Deferred tax £m	Other liabilities £m	Total £m
Balance at 1 January 2008	4.3	65.4	0.1	69.8
Exchange movement	-	5.5	-	5.5
Charge to income statement	0.9	6.6	0.2	7.7
Charge/(credit) to SORIE	4.2	(0.2)	-	4.0
Paid	(1.7)	-	-	(1.7)
Balance at 30 June 2008	**7.7**	**77.3**	**0.3**	**85.3**
At 30 June 2007	7.2	288.4	9.6	305.2
Less transferred to liabilities directly associated with assets classified as held for sale	(2.0)	(222.1)	-	(224.1)
Balance at 30 June 2007	5.2	66.3	9.6	81.1

The other liabilities relate principally to provisions for onerous leases on rented properties, being the estimated liability of future rentals and dilapidation costs less sub-letting receipts over the length of the contract.

Deferred taxation is in respect of:	**30 June 2008 £m**	30 June 2007 £m	31 December 2007 £m
Investment properties	**78.6**	264.4	69.2
Pension schemes	**-**	(0.8)	-
Deferred tax assets	**(9.4)**	(4.8)	(8.7)
Others	**8.1**	29.6	4.9
	77.3	288.4	65.4
Less amounts shown as liabilities relating to assets held for sale	**-**	(222.1)	-
	77.3	66.3	65.4

14. Summary of changes in equity

	Balance 1 January 2008 £m	Exchange movement £m	Retained profit £m	Other items in SORIE[1] £m	Shares issued £m	Other £m	Dividend paid £m	Reserve transfers £m	Balance 30 June 2008 £m
Revaluation reserve[2]	1,535.7	12.8	-	10.0	-	-	-	(493.8)	**1,064.7**
Share based payments reserve	9.8	-	-	-	-	(3.1)	-	(3.9)	**2.8**
Fair value reserve for AFS[3]	9.6	0.4	-	(0.8)	-	-	-	-	**9.2**
Translation and other reserves	46.6	0.2	-	(2.7)	-	-	-	-	**44.1**
Total revaluation and other reserves	1,601.7	13.4	-	6.5	-	(3.1)	-	(497.7)	**1,120.8**
Retained earnings	917.1	14.6	(324.5)	(4.2)	-	-	(63.9)	494.3	**1,033.4**
Ordinary share capital	118.1	-	-	-	0.2	-	-	-	**118.3**
Share premium	368.9	-	-	-	1.5	-	-	-	**370.4**
Own shares held	(16.8)	-	-	-	-	(0.4)	-	3.4	**(13.8)**
Total equity attributable to equity shareholders	2,989.0	28.0	(324.5)	2.3	1.7	(3.5)	(63.9)	-	**2,629.1**
Minority interests	0.7	-	(0.1)	-	-	-	-	-	**0.6**
Total equity	2,989.7	28.0	(324.6)	2.3	1.7	(3.5)	(63.9)	-	**2,629.7**

1. SORIE is the term used for the “Statement of recognised income and expense”. Items in the SORIE are net of tax.
2. The revaluation reserve is shown net of deferred tax.
3. AFS is the term used for “Available-for-sale investments” and is shown net of deferred tax.

SEGRO plc

Notes to the condensed financial statements (continued)

15. Notes to the condensed Group cash flow statement

15(i) Reconciliation of cash generated from operations **Continuing operations**	**Half year to 30 June 2008 £m**	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
Operating (loss)/profit	**(269.7)**	232.1	(165.9)
Adjustments for:			
Depreciation of property, plant and equipment	**1.0**	1.0	1.3
Share of losses/(profits) from joint ventures and associates	**3.4**	(7.2)	(5.6)
Losses/(profits) on sale of investment properties	**10.1**	(3.1)	(3.0)
Net negative goodwill written off	**-**	-	(0.9)
Revaluation deficit/(surplus) on investment properties	**379.2**	(115.2)	385.2
Other income reallocated	**(4.3)**	(6.2)	(18.9)
Other provisions	**2.3**	(1.0)	-
	122.0	100.4	192.2
Changes in working capital:			
Increase in trading properties	**(36.9)**	(22.9)	(19.2)
Decrease/(increase) in debtors	**22.0**	(22.4)	(55.5)
(Decrease)/increase in creditors	**(33.5)**	21.5	30.3
Net cash inflow generated from continuing operations	**73.6**	76.6	147.8
Net cash inflow generated from discontinued operations	**-**	34.3	34.1
Net cash inflow generated from operations	**73.6**	110.9	181.9

15(ii) Issue of shares	**Ordinary share capital £m**	**Share premium £m**	**Total £m**
Balance at 1 January 2008	118.1	368.9	487.0
Ordinary shares issued for cash	0.2	1.5	1.7
Balance at 30 June 2008	**118.3**	**370.4**	**488.7**

15(iii) Reconciliation of net cash flow to movement in net debt	**Half year to 30 June 2008 £m**	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
(Decrease)/increase in cash in the period	**(92.3)**	(23.6)	185.7
Increase in debt	**(258.0)**	(53.8)	(62.4)
Repayment of debt	**3.9**	12.3	424.3
Increase in restricted deposit	**0.1**	1.5	0.2
Change in net debt resulting from cash flows	**(346.3)**	(63.6)	547.8
Translation difference	**(81.9)**	23.2	(24.2)
Non-cash adjustments	**(0.5)**	(0.9)	(1.3)
Movement in net debt in the period	**(428.7)**	(41.3)	522.3
Net debt brought forward	**(1,701.1)**	(2,223.4)	(2,223.4)
Net debt	**(2,129.8)**	(2,264.7)	(1,701.1)

15(iv) Analysis of net debt	**At 1 January 2008 £m**	**Cash flow £m**	**Non-cash adjustment* £m**	**Exchange movement £m**	**At 30 June 2008 £m**
Bank loans and loan capital	(2,045.4)	(254.1)	(0.5)	(86.6)	**(2,386.6)**
Bank overdrafts	(4.0)	(4.4)	-	(0.1)	**(8.5)**
Total borrowings	(2,049.4)	(258.5)	(0.5)	(86.7)	**(2,395.1)**
Cash in hand and at bank	344.2	(87.9)	-	4.8	**261.1**
Restricted deposits	4.1	0.1	-	-	**4.2**
Net debt	(1,701.1)	(346.3)	(0.5)	(81.9)	**(2,129.8)**

* The non-cash adjustment relates to the amortisation of issue costs offset against borrowings.

16. Disclosures of discontinued operations

Discontinued operations comprised the Group's US property business and Slough Heat & Power Limited (a company which provided electricity, water and steam). The agreement to dispose of the US property business was signed on 4 June 2007 and the disposal completed on 1 August 2007. The agreement to dispose of Slough Heat & Power Limited was signed on 14 November 2007 and the disposal completed on 31 December 2007.

At 30 June 2007, the assets and liabilities of the US property business have been reclassified into a disposal group and presented as current assets and liabilities on the balance sheet.

17. Related party transactions

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

GLOSSARY OF TERMS

Adjusted earnings per share
EPS based on adjusted profit before tax and excluding deferred tax on investment properties

Adjusted net asset value per share
NAV per share adjusted to add back deferred tax associated with investment properties, as recommended by EPRA

Adjusted profit before tax
Reported profit before tax, after reflecting EPRA adjustments and excluding items which are exceptional by virtue of their size or incidence

Book value
The amount at which assets and liabilities are reported in the accounts

Combined portfolio
The investment, development and trading properties of the Group, including the relevant share of joint ventures' properties

Continuing operations
The remaining ongoing operations of the Group after excluding the operations of the Group's US business and Slough Heat & Power Ltd

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 or its joint ventures

Diluted figures
Reported amounts adjusted to reflect the dilutive effects of convertible preference shares and of shares held by the employee share ownership plan trusts

Discontinued operations
The operations of the Group's US business which was sold on 1 August 2007. Slough Heat & Power Ltd was sold on 31 December 2007. Under IFRS 5, these operations are required to be accounted for as discontinued and disclosed separately in the income statement and balance sheet.

Dividend cover
Adjusted earnings per share divided by the ordinary dividend per share

Earnings per share (EPS)
Profit after taxation attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year

EPRA adjustments
Adjustments to income statement and balance sheet amounts reported under IFRS arising from adopting the recommendations of the Best Practices Committee of the European Real Estate Association ("EPRA"). The adjustments to income statement amounts principally relate to the exclusion of valuation gains and losses, whilst the balance sheet adjustments relate to the exclusion of deferred tax on investment properties

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. Assumes rent is received quarterly in advance. See also Nominal and True equivalent yield definitions

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

Finance lease
A lease that transfers substantially all the risks and rewards of ownership from the lessor to the lessee

Gearing (net)
Total borrowings, including bank overdrafts, less short-term deposits, corporate bonds and cash, at book value, plus non-equity shareholders' funds as a percentage of equity shareholders' funds

Gross rental income
Contracted rental income recognised in the period, including surrender premiums, interest receivable on finance leases and service charge income. 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 report. The conversion factor used, where appropriate, is 1 hectare = 2.471 acres

Initial yield
Annualised current passing rent expressed as a percentage of the property valuation

IPD
Investment Property Databank

IRR
The internal rate of return is the discount rate at which the net present value of the expected cash flows of a project is zero (ie the breakeven rate of return)

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 asset value (NAV) per share
Equity shareholders' funds divided by the number of ordinary shares in issue at the period end

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

Nominal equivalent yield
The equivalent yield derived from valuing a property as though rent is received annually in arrears

Over-rented
Space that is let at a rent above its current ERV

Passing rent
The annual rental income currently receivable on a property as at the balance sheet date (which may be more or less than the ERV – see over-rented and reversionary)

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 elected for REIT status with effect from 1 January 2007

Reversionary or under-rented
Space where the passing rent is below the ERV

Reversionary yield
The ERV of a property, expressed as a percentage of the property's valuation. In the case of portfolio data, the reversionary yield assumes all properties are fully occupied

SIIC
(Sociétés d'Investissements Immobiliers Cotées). A qualifying entity which has elected to be a French Real Estate Investment Trust. In France, such entities must be listed on a recognised stock exchange, must be predominantly engaged in property investment activities and must meet certain ongoing qualifications. SIICs are exempt from corporation tax. SEGRO plc, whose shares are listed on Euronext Paris, and its eligible French subsidiaries elected for SIIC status with effect from 1 January 2007

Square metres (sq m)
The area of buildings measurements used in this report. The conversion factor used, where appropriate, is 1 square metre = 10.639 square feet

Topped up initial yield
Annualised current passing rent plus the value of annualised rent free periods expressed as a percentage of the property valuation

Topped up initial yield excluding vacant properties
Topped up initial yield calculated for occupied properties only

Total development cost
All capital expenditure on a project including the opening book value of the property on commencement of development, together with all finance costs capitalised during the development

Total return
Dividends per share plus annual growth in diluted adjusted net asset value per share, expressed as a percentage of the opening diluted adjusted net asset value per share

Trading properties
Properties held for trading purposes and shown as current assets in the balance sheet.

True equivalent yield
The equivalent yield assuming rent is received quarterly in arrears

Voids
The area in a property or portfolio, excluding developments, which is currently available for letting