

2016

HALF YEAR PROPERTY
ANALYSIS REPORT



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ABOUT SEGRO

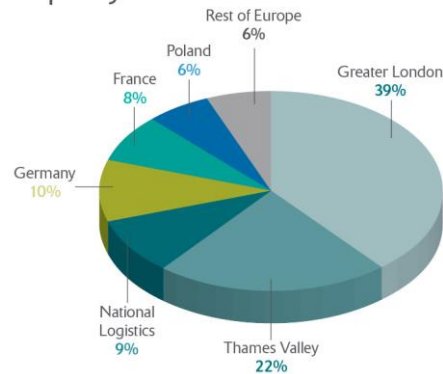
SEGRO is a leading owner, asset manager and developer of modern warehousing and light industrial properties, with £7.4 billion of assets under management (£5.9 billion including joint ventures at Group share). The assets are principally concentrated in London, South-East England and the Midlands, and in key conurbations and major distribution hubs in France, Germany, Poland, Belgium, the Netherlands, Italy, the Czech Republic and Spain.

The Group serves customers spread across a diverse range of industry sectors. It has 6 million square metres of built space under management and a gross passing rent roll of £281 million at share.

OVERVIEW

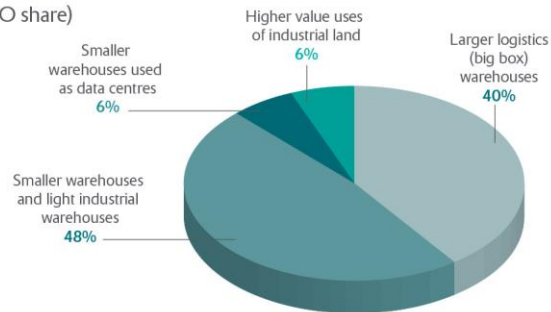
Geographical split by value

(SEGRO share)



Asset type by value

(SEGRO share)



THE BUILDINGS WE PROVIDE INCLUDE:



LARGER LOGISTICS ('BIG BOX') WAREHOUSES

- 'Big box' warehouses over 10,000 sq m, usually with a single occupier
- Serving national and international logistics supply chains
- Close to major transport hubs in the UK (Midlands and South-East), France (central logistics spine), Germany, Poland and Italy (Milan and Bologna regions)



SMALLER WAREHOUSES & LIGHT INDUSTRIAL WAREHOUSES

- Warehouses less than 10,000 sq m in modern estates or standalone buildings on the edge of major cities
- Used by a wide range of different businesses for multiple purposes including urban distribution, parcel delivery, light assembly, food preparation, and research and development, among many others



SMALLER WAREHOUSES USED AS DATA CENTRES

- A 'higher value use' of warehouses on the edge of major cities
- Serving financial institutions and third party providers of data storage
- Slough Trading Estate is a major data centre hub due to its proximity to London, excellent power supply, fibre-optic cables and high security



HIGHER VALUE USES OF INDUSTRIAL LAND

- Industrial land on the edge of major cities is also attractive for other uses, including retail (trade counters, self storage, car showrooms) and offices which require prominent locations near centres of population and easy access for customers

COMBINED PROPERTY PORTFOLIO AND YIELD RECONCILIATION AS AT 30 JUNE 2016

Combined property portfolio (including share of joint ventures)	UK £m	Continental Europe £m	Total £m
TOTAL PROPERTIES PER FINANCIAL STATEMENTS	4,090.4	1,821.0	5,911.4
Add valuation surplus not recognised on trading properties and other items ¹	–	–	–
COMBINED PROPERTY PORTFOLIO PER EXTERNAL VALUERS' REPORTS	4,090.4	1,821.0	5,911.4
Less land and development properties (investment, trading and joint ventures)	(356.6)	(296.5)	(653.1)
NET VALUATION OF COMPLETED PROPERTIES	3,733.8	1,524.5	5,258.3
Add notional purchasers' costs	251.5	76.0	327.5
GROSS VALUATION OF COMPLETED PROPERTIES INCLUDING NOTIONAL PURCHASERS' COSTS	3,985.3	1,600.5	5,585.8
		A	
Rental income	£m	£m	£m
Gross passing rent ²	179.3	101.5	280.8
Less irrecoverable property costs	(3.1)	(4.5)	(7.6)
Net passing rent	176.2	97.0	273.2
		B	
Adjustment for notional rent in respect of rent free periods	20.8	9.9	30.7
TOPPED UP NET RENT	197.0	106.9	303.9
		C	
Including future fixed/minimum uplifts ⁴	8.3	1.9	10.2
TOTAL TOPPED UP NET RENT	205.3	108.8	314.1
Yields	%	%	%
EPRA net initial yield ³	4.4	6.1	4.9
		B/A	
EPRA topped up net initial yield ³	4.9	6.7	5.4
		C/A	
Net true equivalent yield	5.7	6.7	6.0

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

2 Gross passing rent excludes short term lettings and licences.

3 In accordance with the Best Practices Recommendations of EPRA.

4 Certain leases contain clauses which guarantee future rental increases, whereas most leases contain five yearly, upwards only rent review clauses (UK) or indexation clauses (Continental Europe).

COMBINED PROPERTY PORTFOLIO AND YIELD RECONCILIATION AS AT 30 JUNE 2016

	Value at 30 June 2016 £m	Valuation movement ¹ %
Analysis of unrealised valuation movements		
Properties held throughout the period	5,070.4	1.0
Properties acquired during the period ²	15.0	(6.9)
Developments completed during the period	172.9	16.6
COMPLETED PROPERTIES	5,258.3	1.5
Current development pipeline	266.2	12.8
Land held throughout the period	356.7	1.4
Land acquired during the period ²	30.2	(6.6)
WHOLE PORTFOLIO	5,911.4	1.9

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

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

SUMMARY ANALYSIS AS AT 30 JUNE 2016

BY ASSET TYPE	Lettable area (100%) sq m	Lettable area (share) sq m	Completed £m	Land & development ³ £m	Total property assets £m	Valuation movement ¹ %	Net initial yield ² %	Net true equivalent yield ² %	Vacancy by ERV ^{2,4} %
UK									
Larger logistics warehouses >10,000 sq m	789,235	775,306	1,103.0		1,103.0	1.9	4.5	5.5	0.8
Smaller warehouses and light industrial buildings	1,167,903	1,016,348	2,018.7		2,018.7	2.2	4.1	5.8	7.9
Smaller warehouses used as data centres	96,385	96,385	312.4		312.4	1.1	5.0	5.7	3.5
Other business space ⁵	143,668	123,416	299.7		299.7	0.5	5.5	5.8	3.2
	2,197,191	2,011,455	3,733.8	356.6	4,090.4	1.9	4.4	5.7	5.2
CONTINENTAL EUROPE									
Larger logistics warehouses >10,000 sq m	3,240,595	1,832,061	989.4		989.4	0.6	5.9	6.5	2.5
Smaller warehouses and light industrial buildings	622,004	552,674	494.8		494.8	(0.3)	6.4	6.8	7.3
Smaller warehouses used as data centres	–	–	–		–	–	–	–	–
Other business space ⁵	58,260	57,017	40.3		40.3	5.9	5.8	7.0	5.5
	3,920,859	2,441,752	1,524.5	296.5	1,821.0	0.4	6.1	6.7	4.0
GROUP									
Larger logistics warehouses >10,000 sq m	4,029,830	2,607,367	2,092.4		2,092.4	1.3	5.2	6.0	1.7
Smaller warehouses and light industrial buildings	1,789,907	1,569,022	2,513.5		2,513.5	1.7	4.6	6.0	7.8
Warehouses used as data centres	96,385	96,385	312.4		312.4	1.1	5.0	5.7	3.5
Other business space ⁵	201,928	180,433	340.0		340.0	1.1	5.5	5.9	3.6
	6,118,050	4,453,207	5,258.3	653.1	5,911.4	1.5	4.9	6.0	4.8
BY OWNERSHIP									
Wholly owned	2,788,362	2,788,362	3,889.9	537.6	4,427.5	1.5	4.8	5.9	5.0
Joint ventures	3,329,688	1,664,845	1,368.4	115.5	1,483.9	1.3	5.1	6.2	4.1
GROUP TOTAL	6,118,050	4,453,207	5,258.3	653.1	5,911.4	1.5	4.9	6.0	4.8

1 The valuation movement percentage is based on the difference between the opening and closing valuations for completed properties which includes properties held throughout the period, completed developments and properties acquired during the period, allowing for capital expenditure, acquisitions and disposals.

2 In relation to completed properties.

3 Land and development valuations by asset type are not available as land sites are not categorised by asset type.

4 Vacancy rate excluding short term lettings for the Group at 30 June 2016 is 5.2%.

5 "Other business space" includes offices and retail uses such as trade counters, car showrooms and self storage facilities.

SUMMARY ANALYSIS AS AT 30 JUNE 2016

BY GEOGRAPHY	Lettable area (100%) sq m	Lettable area (share) sq m	Completed £m	Land & development £m	Total property assets £m	Valuation movement ¹ %	Net initial yield ² %	Net true equivalent yield ² %	Vacancy by ERV ² %
UK									
GREATER LONDON									
London Airports (primarily Heathrow)	555,641	369,905	869.4	118.3	987.7	1.1	4.0	5.6	5.7
Park Royal	438,962	438,962	928.8	28.6	957.4	4.4	3.7	5.3	7.2
Rest of Greater London	154,825	154,825	282.0	57.8	339.8	0.9	4.5	5.7	3.6
	1,149,428	963,692	2,080.2	204.7	2,284.9	2.5	4.0	5.5	6.0
THAMES VALLEY AND NATIONAL LOGISTICS									
Slough Trading Estate	530,918	530,918	1,086.1	50.5	1,136.6	0.5	4.9	6.0	6.0
Rest of South-East England	80,109	80,109	91.5	41.8	133.3	4.4	5.1	6.4	3.5
National Logistics	436,736	436,736	476.0	59.6	535.6	1.7	5.2	5.7	0.0
	1,047,763	1,047,763	1,653.6	151.9	1,805.5	1.1	5.0	6.0	4.2
UK TOTAL	2,197,191	2,011,455	3,733.8	356.6	4,090.4	1.9	4.4	5.7	5.2
CONTINENTAL EUROPE									
NORTHERN EUROPE									
Germany/Austria	1,196,660	748,244	497.2	100.7	597.9	(0.4)	5.6	6.3	4.0
Belgium/Netherlands	296,395	240,753	146.8	20.1	166.9	(0.5)	7.0	6.8	5.2
SOUTHERN EUROPE									
France	1,013,553	641,305	436.4	48.5	484.9	0.5	6.3	7.0	2.5
Italy/Spain	202,576	142,142	70.4	68.4	138.8	5.6	2.6	6.9	1.9
CENTRAL EUROPE									
Poland	1,085,757	606,349	336.6	39.1	375.7	0.9	6.6	6.9	5.3
Czech Republic/Hungary	125,918	62,959	37.1	19.7	56.8	1.3	6.0	7.1	7.4
CONTINENTAL EUROPE TOTAL	3,920,859	2,441,752	1,524.5	296.5	1,821.0	0.4	6.1	6.7	4.0
GROUP TOTAL	6,118,050	4,453,207	5,258.3	653.1	5,911.4	1.5	4.9	6.0	4.8

¹ The valuation movement percentage is based on the difference between the opening and closing valuations for completed properties which includes properties held throughout the period, completed developments and properties acquired during the period, allowing for capital expenditure, acquisitions and disposals.

² In relation to completed properties.

ANALYSIS OF COMPLETED PORTFOLIO AS AT 30 JUNE 2016

	Lettable area (100%) sq m	Lettable area (share) sq m	Valuation			Total £m	Gross passing rent ¹ £m	Topped-up gross rent ¹ £m	Topped-up gross rent £ per sq m ¹	ERV ² £m
			Investment properties £m	Trading properties £m	Joint ventures £m					
UK										
BY ASSET TYPE										
Larger logistics warehouses >10,000 sq m	789,235	775,306	1,079.1	–	23.9	1,103.0	51.4	58.6	75.9	64.2
Smaller warehouses and light industrial buildings	1,167,903	1,016,348	1,674.5	–	344.2	2,018.7	90.8	103.2	111.8	125.1
Smaller warehouses used as data centres	96,385	96,385	312.4	–	–	312.4	15.8	16.3	175.5	17.0
Other business space	143,668	123,416	187.4	–	112.3	299.7	17.6	18.3	176.6	17.9
	2,197,191	2,011,455	3,253.4	–	480.4	3,733.8	175.6	196.4	103.8	224.2
BY GEOGRAPHY										
London Airports (primarily Heathrow)	555,641	369,905	389.0	–	480.4	869.4	39.1	43.7	126.2	54.5
Park Royal	438,962	438,962	928.8	–	–	928.8	36.8	42.8	107.4	51.0
Rest of Greater London	154,825	154,825	282.0	–	–	282.0	13.2	15.2	101.8	16.9
GREATER LONDON	1,149,428	963,692	1,599.8	–	480.4	2,080.2	89.1	101.7	113.8	122.4
Slough Trading Estate	530,918	530,918	1,086.1	–	–	1,086.1	55.9	61.4	126.5	66.5
Rest of South-East England	80,109	80,109	91.5	–	–	91.5	5.0	6.1	79.6	6.4
National Logistics	436,736	436,736	476.0	–	–	476.0	25.6	27.3	62.5	28.9
THAMES VALLEY AND NATIONAL LOGISTICS	1,047,763	1,047,763	1,653.6	–	–	1,653.6	86.5	94.7	94.9	101.8
UK TOTAL	2,197,191	2,011,455	3,253.4	–	480.4	3,733.8	175.6	196.4	103.8	224.2
CONTINENTAL EUROPE										
BY ASSET TYPE										
Larger logistics warehouses >10,000 sq m	3,240,595	1,832,061	89.2	12.2	888.0	989.4	67.9	75.3	42.5	75.0
Smaller warehouses and light industrial buildings	622,004	552,674	492.0	2.8	–	494.8	29.0	30.4	60.2	30.7
Smaller warehouses used as data centres	–	–	–	–	–	–	–	–	–	–
Other business space	58,260	57,017	40.3	–	–	40.3	3.9	5.0	91.5	4.5
	3,920,859	2,441,752	621.5	15.0	888.0	1,524.5	100.8	110.7	47.5	110.2

ANALYSIS OF COMPLETED PORTFOLIO AS AT 30 JUNE 2016

	Lettable area (100%) sq m	Lettable area (share) sq m	Valuation			Total £m	Gross passing rent ¹ £m	Topped-up gross rent ¹ £m	Topped-up gross rent £ per sq m ¹	ERV ² £m
			Investment properties £m	Trading properties £m	Joint ventures £m					
CONTINENTAL EUROPE CONTINUED										
BY GEOGRAPHY										
NORTHERN EUROPE										
Germany/Austria	1,196,660	748,244	195.7	0.3	301.2	497.2	32.1	34.3	48.1	34.3
Belgium/Netherlands	296,395	240,753	107.1	–	39.7	146.8	11.7	11.7	50.7	11.3
SOUTHERN EUROPE										
France	1,013,553	641,305	206.4	5.8	224.2	436.4	29.1	32.0	51.9	32.4
Italy/Spain	202,576	142,142	30.5	8.9	31.0	70.4	2.8	5.5	39.7	5.6
CENTRAL EUROPE										
Poland	1,085,757	606,349	81.8	–	254.8	336.6	22.8	24.4	42.8	23.9
Czech Republic/Hungary	125,918	62,959	–	–	37.1	37.1	2.3	2.8	44.9	2.8
CONTINENTAL EUROPE TOTAL	3,920,859	2,441,752	621.5	15.0	888.0	1,524.5	100.8	110.7	47.5	110.2
GROUP										
BY ASSET TYPE										
Larger logistics warehouses >10,000 sq m	4,029,830	2,607,367	1,168.3	12.2	911.9	2,092.4	119.3	133.9	52.6	139.2
Smaller warehouses and light industrial buildings	1,789,907	1,569,022	2,166.5	2.8	344.2	2,513.5	119.8	133.6	93.6	155.8
Smaller warehouses used as data centres	96,385	96,385	312.4	–	–	312.4	15.8	16.3	175.5	17.0
Other business space	201,928	180,433	227.7	–	112.3	340.0	21.5	23.3	147.6	22.4
COMPLETED PORTFOLIO	6,118,050	4,453,207	3,874.9	15.0	1,368.4	5,258.3	276.4	307.1	72.7	334.4
BY OWNERSHIP										
Wholly owned	2,788,362	2,788,362	3,874.9	15.0	–	3,889.9	200.6	222.6	84.5	241.9
Joint ventures	3,329,688	1,664,845	–	–	1,368.4	1,368.4	75.7	84.5	53.2	92.5
COMPLETED PORTFOLIO	6,118,050	4,453,207	3,874.9	15.0	1,368.4	5,258.3	276.4	307.1	72.7	334.4

1 In respect of occupied space only.

2 On a fully occupied basis.

SUPPLEMENTARY DATA AS AT 30 JUNE 2016

LEASING DATA¹ FOR PERIOD TO 30 JUNE

		H1 2016	H1 2015
Take-up of existing space ² (A)	£m	8.0	9.5
Space returned ³ (B)	£m	(6.6)	(8.2)
Net absorption of existing space (A-B)	£m	1.4	1.3
Other rental movements (rent reviews, renewals, indexation) ² (C)	£m	0.8	0.2
Rent roll growth from existing space	£m	2.2	1.5
Take-up of developments completed in the period – pre-lets signed in prior years ² (D)	£m	6.5	2.9
Take-up of developments completed in the period – speculative developments ² (D)	£m	5.0	0.6
Total take-up² (A+C+D)	£m	20.3	13.2
Less take-up of space signed in previous periods ²	£m	(7.5)	(3.0)
Pre-lets signed in the period for delivery in later periods ²	£m	8.7	4.8
Rental income contracted in the period²	£m	21.5	15.0
Take-back of space for re-development ³	£m	(0.5)	(0.7)
Retention rate ⁴	%	76	79

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

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

3 Annualised rental income, excluding space taken back for redevelopment.

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

5 UK leases subject to review or renewal; Continental Europe leases do not have rent review clauses so these data are for lease renewals only.

RECONCILIATION BETWEEN PASSING RENT AND ERV

	UK £m	Continental Europe £m	Group £m
ANNUAL GROSS PASSING RENT PER VALUATION	179.3	101.5	280.8
Valuation adjustments (incl outstanding rent reviews, rent in arrears)	(3.6)	0.0	(3.6)
Less rents from short term lettings	(0.1)	(0.7)	(0.8)
Adjustment for notional rent in respect of rent-free periods	20.8	9.9	30.7
SEGRO CONTRACTED GROSS TOPPED UP RENT	196.4	110.7	307.1
ERV of vacant properties	12.3	5.2	17.5
Reversion to ERV for properties occupied	15.5	(5.7)	9.8
ERV OF COMPLETED PORTFOLIO	224.2	110.2	334.4

RENT CHANGE ON RENT REVIEW AND LEASE RENEWALS DURING THE PERIOD

	Passing rent of leases subject to review or renewal £m	New passing rent agreed £m	Change %
Greater London	14.3	15.2	6.0
Thames Valley and National Logistics	6.4	6.5	1.4
UK TOTAL	20.7	21.7	4.6
Northern Europe ⁵	0.6	0.6	(1.0)
Southern Europe ⁵	0.5	0.6	7.2
Central Europe ⁵	1.4	1.3	(5.5)
CONTINENTAL EUROPE TOTAL⁵	2.5	2.5	(1.7)
GROUP TOTAL	23.2	24.2	3.9

SUPPLEMENTARY DATA AS AT 30 JUNE 2016

LEASE BREAK OPTIONS & EXPIRIES

	2H 2016 £m	2017 £m	2018 £m	2019 £m	2020 £m
Gross passing rent					
UK	4.7	9.4	7.4	7.2	5.3
Continental Europe	5.9	11.4	6.9	6.9	5.7
GROUP TOTAL – LEASE BREAK OPTIONS	10.6	20.8	14.3	14.1	11.0
UK	6.3	7.4	11.1	13.0	22.4
Continental Europe	4.5	7.6	11.4	10.1	6.7
GROUP TOTAL – LEASE EXPIRIES ASSUMING NO BREAKS ARE EXERCISED	10.8	15.0	22.5	23.1	29.1
UK	-	-	(0.8)	(3.3)	(1.4)
Continental Europe	(0.5)	(2.3)	(4.1)	(4.5)	(3.0)
GROUP TOTAL – DEDUCTION ASSUMING ALL BREAKS ARE EXERCISED	(0.5)	(2.3)	(4.9)	(7.8)	(4.4)
GROUP TOTAL – LEASE EXPIRIES AND POTENTIAL BREAKS	20.9	33.5	31.9	29.4	35.7

Estimated Rental Value (ERV)

UK	10.7	18.3	18.7	23.4	26.5
Continental Europe	9.6	15.9	13.6	11.8	9.0
GROUP TOTAL – ERV OF LEASES SUBJECT TO BREAK OPTION OR EXPIRY	20.3	34.2	32.3	35.2	35.5

RENT SUBJECT TO REVIEW

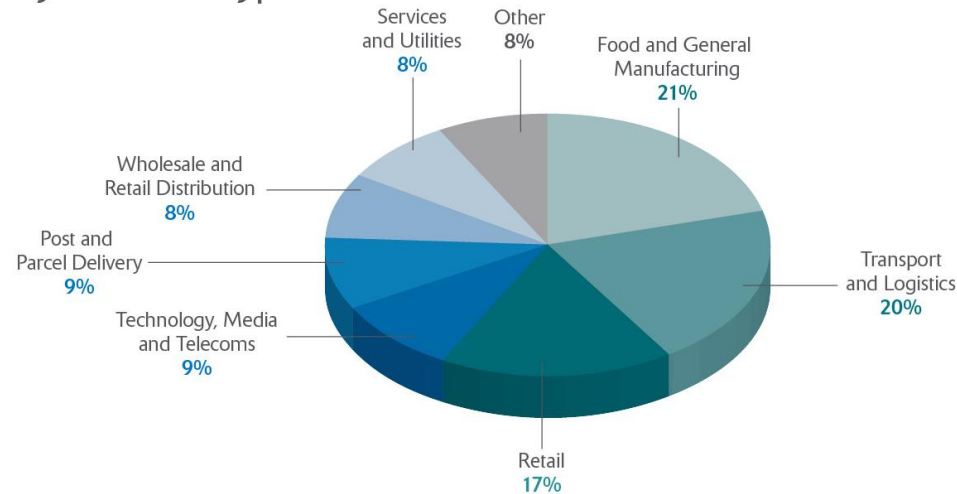
	2H 2016 £m	2017 £m	2018 £m	2019 £m	2020 £m
Gross passing rent					
Greater London	8.2	13.0	9.8	7.9	6.7
Thames Valley & National Logistics	7.2	12.3	13.6	10.4	9.4
UK TOTAL	15.4	25.3	23.4	18.3	16.1

Estimated Rental Value (ERV)

Greater London	7.8	13.7	10.3	8.1	6.9
Thames Valley & National Logistics	8.0	13.1	14.8	11.6	9.8
UK TOTAL	15.8	26.8	25.1	19.7	16.7

CUSTOMER TYPES AS AT 30 JUNE 2016

By customer type



WEIGHTED AVERAGE LEASE LENGTH¹

By geography	Break years	Expiry years
UK	7.8	9.7
Continental Europe	5.1	6.6
GROUP TOTAL	6.8	8.6

¹ Weighted by topped up net rent.

TOP 20 CUSTOMERS

CUSTOMER (BY HEADLINE RENT)	CUSTOMER TYPE
Deutsche Post DHL	Post & Parcel Delivery; Transport & Logistics
Royal Mail	Post & Parcel Delivery
Sainsburys	Retail
Federal Express	Post & Parcel Delivery
Booker Belmont Wholesale	Wholesale & Retail Distribution
Mars	Manufacturing
Worldwide Flight Services	Transport & Logistics
DSV	Transport & Logistics
Tesco	Retail
Geopost	Post & Parcel Delivery
British Airways	Other
Wincanton	Transport & Logistics
Primark	Retail
Staples	Retail
Virtus Slough	Technology, Media and Telecoms
Tesla Motors	Manufacturing
Barclays Bank	Services
Nokia	Technology, Media and Telecoms
Equinix	Technology, Media and Telecoms
London City Bond	Wholesale & Retail Distribution

The top 20 customers represent annualised headline rent of £79.7 million in aggregate, 26% of the Group's total headline rent at 30 June 2016.

DEVELOPMENT PIPELINE AS AT 30 JUNE 2016

SUMMARY DEVELOPMENT PIPELINE

	Hectarage (100%) ha	Space to be built (100%) sq m	Current book value ¹ £m	Estimated cost to completion ² £m	ERV when complete ³ £m	Pre-let (ERV) £m	Estimated yield on cost ⁴ %
CURRENT DEVELOPMENT PIPELINE (A) (see pages 14 and 15)							
UK – wholly-owned	33.8	98,690	116.2	40.8	9.4	4.7	7.5
UK – joint ventures	7.4	28,134	48.5	3.9	2.7	1.6	7.0
Continental Europe – wholly-owned	51.4	220,031	83.3	72.3	12.5	10.4	8.5
Continental Europe – joint ventures	21.5	93,614	17.9	8.0	1.9	1.0	8.3
	114.1	440,469	265.9	125.0	26.5	17.7	7.9
FUTURE DEVELOPMENT PIPELINE (B)							
UK – wholly-owned	38.8	150,690	112.9	174.0	20.3	–	7.1
UK – joint ventures	4.6	19,363	13.7	10.4	1.5	–	6.3
Continental Europe – wholly-owned	328.3	1,493,598	136.8	642.2	70.5	–	9.1
Continental Europe – joint ventures	219.3	705,870	33.4	123.5	13.4	–	8.5
	591.0	2,369,521	296.8	950.1	105.7	–	8.5
TOTAL DEVELOPMENT PIPELINE (A+B)	705.1	2,809,990	562.7	1,075.0	132.3	17.7	8.1
Other land	195.4		90.4				
TOTAL DEVELOPMENT PIPELINE AND OTHER LAND	900.5		653.1				

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

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

3 ERV based upon market rents as at 30 June 2016.

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

DEVELOPMENT PIPELINE AS AT 30 JUNE 2016

CURRENT DEVELOPMENT PROJECTS

	Development type and customer	Asset class	Ownership %	Space to be built (100%) sq m	Actual/Expected start	Expected completion
UK						
Enfield – Navigation Park	Speculative Development	Smaller warehouse & light industrial	100	16,042	Sep 15	Dec 16
Heathrow – Poyle	Pre-let – DHL	Larger logistics warehouse	50	13,830	Jun 15	Aug 16
Heathrow – Skyline	Speculative Development	Smaller warehouse & light industrial	50	14,304	Dec 15	Aug 16
Reading – Imperial Way	Pre-let – Sytner	Higher value use (Showroom)	100	4,801	Jul 15	Jul 16
Rugby	Speculative Development	Larger logistics warehouse	50	43,664	Jan 16	Sep 16
Rugby	Pre-let – Hermes	Larger logistics warehouse	100	25,014	Dec 15	Oct 16
Slough – 4 Dover Road	Pre-let – Travis Perkins	Smaller warehouse & light industrial	100	1,858	Apr 16	Dec 16
Slough – 255-8 Ipswich Road	Speculative Development	Smaller warehouse & light industrial	100	2,659	Nov 15	Aug 16
Slough – Stirling Road	Speculative Development	Smaller warehouse & light industrial	100	4,652	Oct 16	Aug 17
				126,824		
Percentage let (at 30 June 2016)				52%		
Yield on cost				7.4%		

DEVELOPMENT PIPELINE AS AT 30 JUNE 2016

CURRENT DEVELOPMENT PROJECTS

Development type and customer	Asset class	Ownership %	Space to be built (100%) sq m	Actual/Expected start	Expected completion
CONTINENTAL EUROPE					
Austria – Vienna	Pre-let – DHL	100	8,203	Mar 16	Dec 16
Germany – Düsseldorf Rhine Park	Pre-let – DHL / Speculative	100	14,964	May 16	Nov 16
Germany – Düsseldorf City Park	Speculative Development	100	8,596	May 16	Nov 16
Germany – Munich	Pre-let – Confidential	100	15,140	Jun 16	Feb 17
Germany – Ingolstadt	Speculative Development	50	15,445	Nov 15	Jul 16
Germany – Leipzig	Pre-let – Bio-Rad	50	15,738	Nov 15	Aug 16
France – Paris	Speculative Development	100	3,274	Jul 16	Jan 17
France – Paris	Pre-let – Fedex	100	17,790	Jul 15	Sep 16
Italy – Bologna	Pre-let – One Express	100	14,780	Mar 16	Nov 16
Italy – Bologna	Pre-let – EcorNaturaSi	100	36,929	Jan 16	Aug 16
Italy – Bologna	Pre-let – Yoox Net-a-Porter	100	13,006	Mar 16	Dec 16
Italy – Piacenza	Pre-let – Confidential	100	17,854	Apr 16	Oct 16
Italy – Milan	Pre-let – Yoox Net-a-Porter	100	46,270	Mar 16	Nov 16
Netherlands – Amsterdam Schiphol	Speculative Development	50	10,638	Jun 16	Jan 17
Poland – Gliwice	Pre-let – JMBS	100	12,587	Dec 15	Aug 16
Poland – Komorniki	Pre-let – Tesco	50	30,282	Feb 16	Aug 16
Poland – Nadarzyn	Pre-let – Sanpol / Speculative	50	15,004	Apr 16	Dec 16
Spain – Barcelona	Speculative development	50	17,145	Mar 16	Nov 16
			313,645		
Percentage let (at 30 June 2016)			79%		
Yield on cost			8.5%		
TOTAL			440,469		
Percentage let (at 30 June 2016)			67%		
Yield on cost			7.9%		

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

DEVELOPMENT PIPELINE AS AT 30 JUNE 2016

DEVELOPMENT PROJECTS COMPLETED IN H1 2016

	Customer	Asset class	Ownership %	Completed (space, 100%) sq m	Let (space, 100%) sq m	Total ERV (share) £m	ERV of let space (share) £m	Total capital expenditure (share) £m	Completed	
UK										
	Slough TE – 417-8 Montrose Ave	Pre-let (B&M, Iceland)	Smaller warehouse & light industrial	100	3,113	3,113		3.2	Mar 16	
	Slough TE – 814 Leigh Road	Pre-let (Bidvest Foodservice)	Smaller warehouse & light industrial	100	10,979	10,979		11.9	Mar 16	
	Heathrow – Portal Phase 3	Speculative	Smaller warehouse & light industrial	50	3,361	–		1.8	Apr 16	
	Park Royal – Origin Phase 2	Pre-let (John Lewis)	Smaller warehouse & light industrial	100	10,012	10,012		12.1	Apr 16	
	Park Royal – Origin Phase 2A	Speculative	Smaller warehouse & light industrial	100	9,347	6,093		11.1	Apr 16	
	Park Royal – Tudor Phase 2	Speculative	Smaller warehouse & light industrial	100	3,513	1,391		5.8	Apr 16	
	National Logistics – Portsmouth	Pre-let (Formaplex)	Larger logistics warehouse	100	11,148	11,148		9.9	May 16	
					51,473	42,736	6.8	5.5	55.9	
	Percentage let (at 30 June 2016)							81%		

	Customer	Asset class	Ownership %	Completed (space, 100%) sq m	Let (space, 100%) sq m	Total ERV (share) £m	ERV of let space (share) £m	Total capital expenditure (share) £m	Completed	
CONTINENTAL EUROPE										
	Czech Republic – Hostivice	Pre-let (Xpress Trans) / Spec	Smaller warehouse & light industrial	50	8,662	2,211		1.0	May 16	
	France – Paris	Speculative	Smaller warehouse & light industrial	100	3,896	1,459		2.9	Feb 16	
	Germany – Ingolstadt	Pre-let (Rudolph)	Larger logistics warehouse	50	28,301	28,301		4.4	Feb 16	
	Italy – Piacenza	Pre-let (OVS)	Larger logistics warehouse	100	18,131	18,131		5.1	May 16	
	Italy – Milan	Pre-let (Micron) / Spec	Higher value use (Office)	100	8,112	7,643		10.0	Jun 16	
	Poland – Duchnice	Pre-let (LK Joanna)	Smaller warehouse & light industrial	100	6,787	6,787		1.7	Mar 16	
	Poland – Gliwice	Pre-let (Kaufland expansion)	Larger logistics warehouse	50	5,940	5,940		0.7	Apr 16	
					79,829	70,472	3.1	2.7	25.9	
	Percentage let (at 30 June 2016)							88%		
	TOTAL				131,302	113,208	9.9	8.2	81.8	
	Total percentage let (at 30 June 2016)							83%		

GLOSSARY OF TERMS

Completed portfolio

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

Development pipeline

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

EPRA

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

Estimated cost to completion

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

Estimated rental value (ERV)

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

Gross rental income

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

Hectares (Ha)

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

Investment property

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

Joint venture

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

Net equivalent yield

The internal rate of return from an investment property, based on the value of the property assuming the current passing rent reverts to ERV and assuming the property becomes fully occupied over time.

Net initial yield

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

Net rental income

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

Net true equivalent yield

Net equivalent yield assuming rent is received quarterly in advance.

Passing rent

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

Pre-let

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

REIT

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

GLOSSARY OF TERMS

Rent roll

See Passing Rent.

Speculative development

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

Square metres (sq m)

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

Take-back

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

Topped up net initial yield

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

Total capital expenditure

Total capital expenditure excluding land value.

Total Property Return (TPR)

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

Trading property

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

Yield on cost

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



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