
# 2013 Full Year Results

26th February 2014

Slough Trading Estate, UK

# Delivering on our strategic priorities; well positioned for growth

SEGRO
WHERE BUSINESS WORKS

- **Significant progress against strategic priorities**
  - £591m of disposals; £250m invested in acquisitions and developments
  - Creation of €1bn European logistics partnership; LTV reduced to 42%
- **Encouraging operational performance**
  - £30m of new rent commitments, +17% compared to 2012
  - Strong year for pre-let developments; -0.7% change in like-for-like contracted rents
- **Positive valuation performance driving 6% increase in NAV**
  - UK portfolio +7.0%, outperforming IPD UK Quarterly Industrial Index (+5.7%)
  - Continental Europe -3.1% impacted by weaker non-core performance
- **Portfolio and land bank well positioned for growth**
  - Improving economic environment
  - Structural drivers of occupier demand accelerating; supply conditions remain tight
  - Investment market for prime industrial supportive to values

SEGRO
WHERE BUSINESS WORKS

# Financial Review

Justin Read, Group Finance Director

Burton-Upon-Trent, UK

# Financial highlights

SEGRO
WHERE BUSINESS WORKS

- Earnings reduction reflects net divestment of £342m and SELP JV during 2013
- Balance sheet considerably strengthened by Group's actions and valuation uplift

| | 31 Dec 2013 | 31 Dec 2012 | Change % |
|---|---|---|---|
| EPRA PBT (£m) | 134.1 | 144.9 | (7.5) |
| EPRA EPS (pence) | 17.7 | 19.3 | (8.3) |
| EPRA NAV per share[1] (pence) | 312 | 294 | 6.1 |
| Loan to value - inc. JVs at share[2] (%) | 42 | 51 | |
| Dividend per share (pence) | 14.8 | 14.8 | |

*1 EPRA NAV per share excludes fair value of interest rate derivatives and deferred tax provisions, but includes trading property uplifts*
*2 Includes £131m deferred consideration from the creation of the SELP JV*

# Net rental income 12.3% lower; EPRA PBT 7.5% lower at £134m

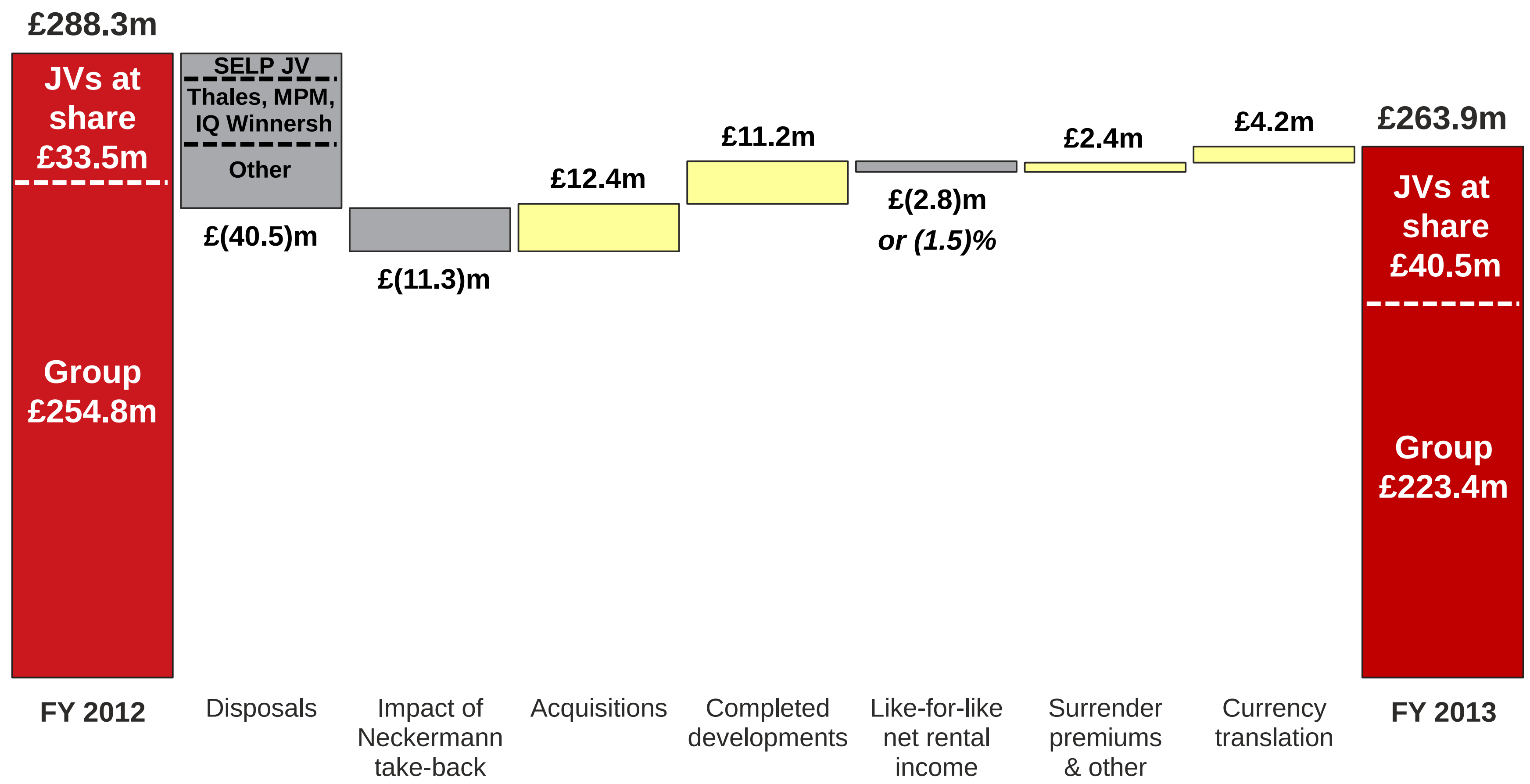
SEGRO
WHERE BUSINESS WORKS

| | 31 Dec 2013<br>£m | 31 Dec 2012<br>£m |
|---|---|---|
| Gross rental income | 273.8 | 305.4 |
| Property operating expenses | (50.4) | (50.6) |
| **Net rental income** | **223.4** | **254.8** |
| Share of joint ventures' EPRA profit[1] | 26.3 | 20.2 |
| Joint venture fee income | 7.1 | 7.4 |
| Administration expenses | (26.1) | (27.9) |
| **EPRA operating profit** | **230.7** | **254.5** |
| EPRA net finance costs | (96.6) | (109.6) |
| **EPRA profit before tax** | **134.1** | **144.9** |
| *Tax rate on EPRA profit* | *2.0%* | *1.3%* |



*1 Net property rental income less administrative expenses, net interest expenses and taxation*

# Movement in net rental income impacted by portfolio reshaping



# Pro forma net rental income adjusting for the incremental impact of 2013 transactions

SEGRO
WHERE BUSINESS WORKS

| | Group £m | JVs £m | Total £m |
|---|---|---|---|
| **2013 net rental income** | **223** | **41** | **264** |
| | | | |
| ***Incremental impact of:*** | | | |
| 2013 disposals | (16) | (1) | (17) |
| Creation of SELP JV | (44) | 21[1] | (23)[1] |
| 2013 acquisitions | 5 | - | 5 |
| 2013 completed developments let | 1 | 1 | 2 |
| **Pro forma net rental income** | **169** | **62** | **231** |

- **One-off payment from Neckermann administrator in 2014 (£3.5m) broadly offsets 2013 BMI surrender premium (£4.5m)**
- **£31m of annualised gross rent[2] to come from developments and SELP acquisition**

*1 Net of JV management fees payable to the Group*
*2 Income based on headline rental income (on a cash flow basis), after the expiry of rent frees*

# Further reduction in total costs achieved

SEGRO
WHERE BUSINESS WORKS

- 6.5% reduction in administrative expenses delivering lower total costs
- Operating expenses included £2.9m of Neckermann-related costs in 2013
- Cost ratio increased to 24.2% due to impact of disposals and SELP JV on gross rent

| **Inc. JVs at share** | **2013**<br>£m | **2012**<br>£m | **Change**<br>% |
|---|---|---|---|
| **Gross rental income** | **322.3** | **345.4** | **(6.7)** |
| Property operating expenses | (50.4) | (50.6) | (0.4) |
| Administrative expenses | (26.1) | (27.9) | (6.5) |
| JV operating expenses | (6.9) | (4.8) | 43.8 |
| JV management fees | 5.4 | 4.1 | 31.7 |
| **Total costs** | **(78.0)** | **(79.2)** | **(1.5)** |
| **Total cost ratio[1]** | **24.2%** | **22.9%** | |



*1 Total costs as a percentage of gross rental income. Total costs include vacant property costs*

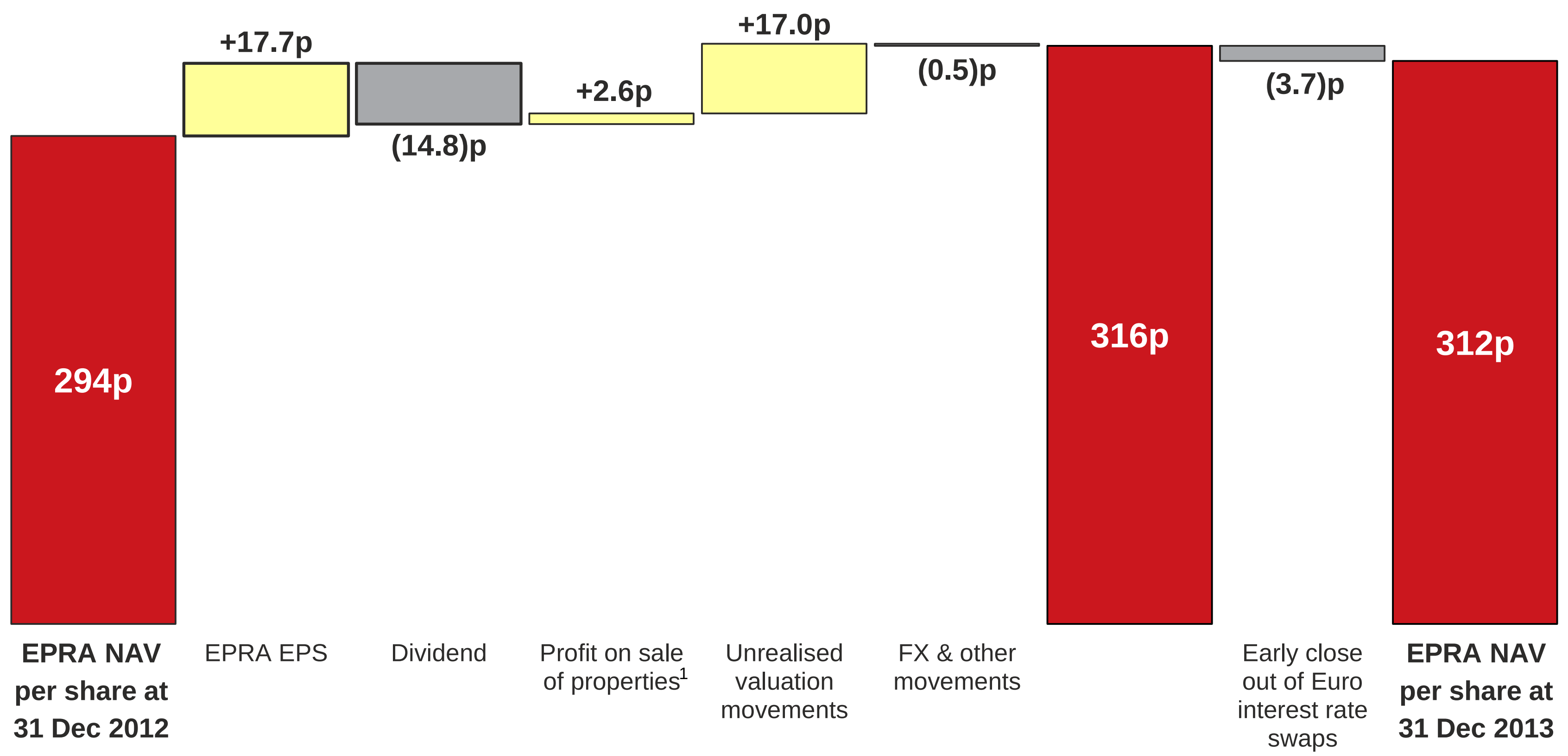
# Balance sheet considerably strengthened

SEGRO
WHERE BUSINESS WORKS

| | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|
| ***Group only:*** | | |
| Net borrowings (£m) | 1,459 | 2,090 |
| Available Group cash & undrawn facilities (£m) | 982 | 449 |
| Weighted average cost of debt[1] (%) | 4.5 | 4.6 |
| Average duration of debt (years) | 8.7 | 8.3 |
| Interest cover[2] (times) | 2.2 | 2.3 |
| ***Including JVs at share:*** | | |
| Net borrowings (£m) | 1,889 | 2,388 |
| LTV ratio[3] (%) | 42 | 51 |
| Weighted average cost of debt[1] (%) | 4.2 | 4.4 |

*1 Based on gross debt, excluding commitment fees and amortised costs*
*2 Net rental income / EPRA net finance costs (before capitalisation)*
*3 Includes £131m deferred consideration from the creation of the SELP JV*

# 6.1% increase in EPRA NAV per share (+7.5% before swaps close out)



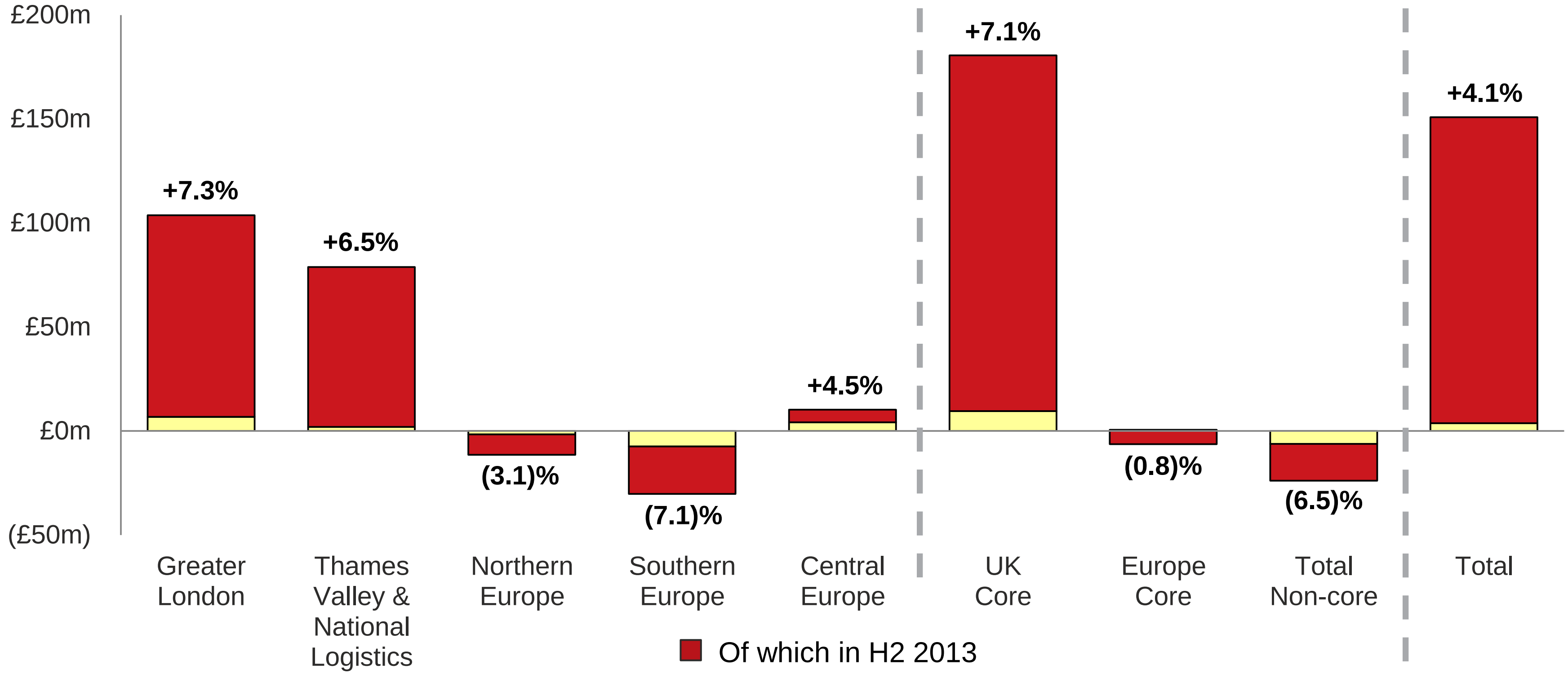



*1 After 2.2p of set-up costs related to the creation of the SELP JV*

# Positive valuation movement of £151m (UK +7.0%; Continental Europe -3.1%)

SEGRO
WHERE BUSINESS WORKS

## Portfolio surplus/(deficit)[1]




| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **ERV[1]:** | **+0.9%** | **(0.7)%** | **(0.1)%** | **(2.2)%** | **+0.3%** | **+0.2%** | **(0.5)%** | **(1.8)%** | **(0.2)%** |



*1 In relation to completed properties, including joint ventures at share*

# Financial summary

- **2013: results reflect success with strategy implementation**
  - Earnings lower due to net disposal activity, but dividend remains well covered at 14.8p
  - Balance sheet considerably strengthened, funding sources diversified
  - Positive valuation uplift leading to 6% NAV increase

- **2014: positive earnings momentum from committed development programme and accretive acquisitions**
  - Expected to offset/mitigate remaining impact of 2013 disposals

SEGRO
WHERE BUSINESS WORKS


# Delivering on our strategic priorities

David Sleath, Chief Executive

Marly La Ville, Paris

# Our strategic priorities

SEGRO
WHERE BUSINESS WORKS

| | | |
|---|---|---|
| 1 | **Reshape the existing portfolio** | ▪ Divesting non-core assets<br>▪ Improving asset utilisation (land & vacant property) |
| 2 | **Deliver profitable growth by reinvesting** | ▪ Generating attractive returns by building a high quality, modern portfolio with critical mass in target markets, through development and acquisition |
| 3 | **Reduce net debt and introduce third party capital** | ▪ Reducing net debt and leverage over time<br>▪ Partnering with third party capital where appropriate |
| 4 | **Drive operational performance across the business** | ▪ Greater customer focus and market knowledge<br>▪ Capitalise on favourable growth drivers<br>▪ Efficiency improvements and cost reductions |

# £591m of disposals; 5% above Dec-12 value

SEGRO
WHERE BUSINESS WORKS

1 **Reshape existing portfolio**

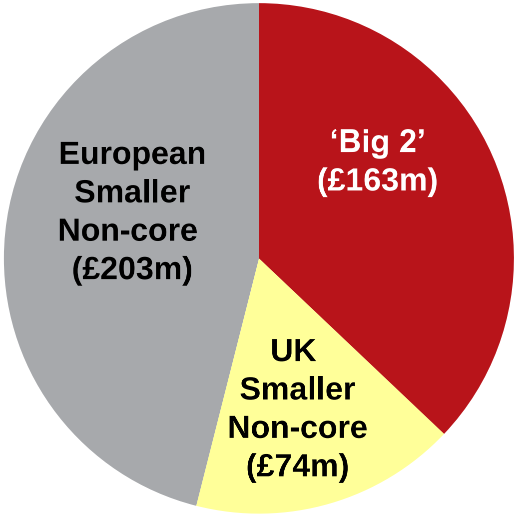
2 Deliver profitable growth

3 Reduce debt & introduce third party capital

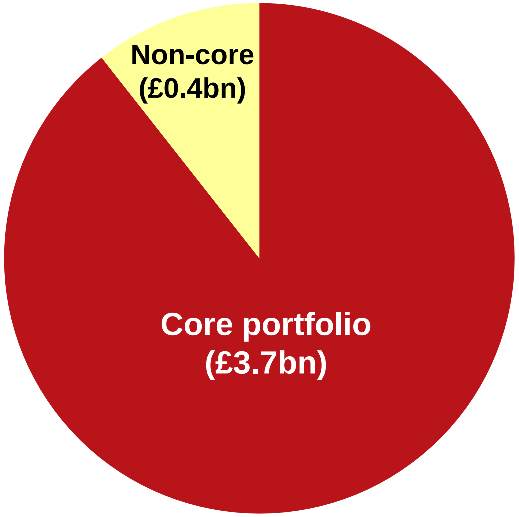
4 Drive operational performance

- Disposals ahead of target for 2013
- Average yield on disposals of 7.2%[1]
- £440m of non-core assets remaining (11% of portfolio)

**Distribution of non-core assets**
31 Dec 2013




**Total portfolio – Core vs. Non-core**
31 Dec 2013






*1 Including the benefit of top-ups (excludes disposals of land and Neckermann)*

# 15 developments completed during 2013 totalling 144,000 sq m of new space

SEGRO
WHERE BUSINESS WORKS

1 Reshape existing portfolio

**2 Deliver profitable growth**

3 Reduce debt & introduce third party capital

4 Drive operational performance

- Annual rent of £6.6m (now 85% let)
- Average profit on cost of 23% (yield on total cost of 9.7%)

North Feltham, London (8,096 sq m)


Alzenau, Frankfurt (17,398 sq m)

# 18 current developments (245,000 sq m) over the next 2 years across UK and Europe

SEGRO
WHERE BUSINESS WORKS

1 Reshape existing portfolio

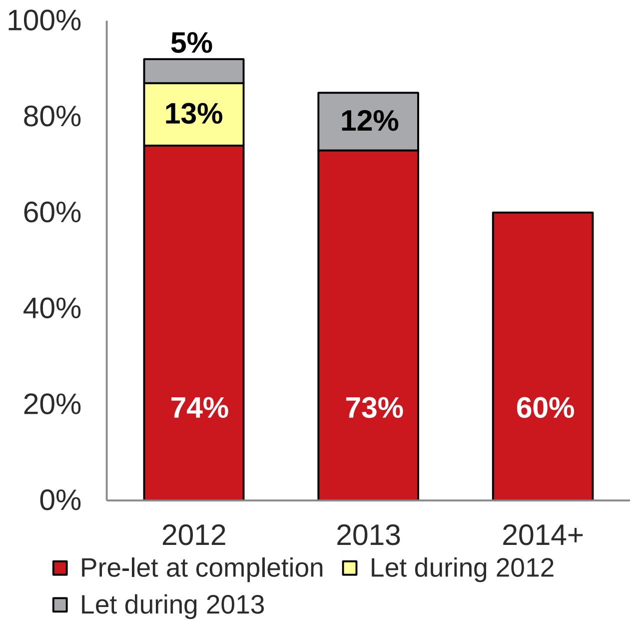
**2 Deliver profitable growth**

3 Reduce debt & introduce third party capital

4 Drive operational performance

- Annual rent of £16.9m (60% let) – 9.6% yield on cost
- £89m development cost (exc. land)
- 78,500 sq m of speculative projects

**Progress in securing rental income from development completions**




Asics at Krefeld, Dusseldorf (74,000 sq m)

City Park, Dusseldorf (20,000 sq m)

# £141m reinvested in modern warehouses and land for future development

SEGRO
WHERE BUSINESS WORKS

1 Reshape existing portfolio

**2 Deliver profitable growth**

3 Reduce debt & introduce third party capital

4 Drive operational performance

Zeran Park II, Warsaw (£37m)

- 49,900 sq m of urban distribution space
- Prime location close to city centre
- 85% occupied by range of customers
- Strengthens market position in Poland's largest city and major economic centre


Barking, East London (£30m)

- 25,500 sq m modern logistics warehouse
- Fast access to M25 via A13 and A406
- Fully let to City Bond Limited until 2028; wine and spirits distribution company
- Area with strong potential for expansion

# £70m[1] of property swaps improving future portfolio return prospects

SEGRO
WHERE BUSINESS WORKS

1 Reshape existing portfolio

**2 Deliver profitable growth**

3 Reduce debt & introduce third party capital

4 Drive operational performance

## PURCHASED:

**Decathlon, Northampton**

- 17,600 sq m distribution warehouse
- Let to Tesco until December 2018
- Sub-let for Decathlon's sole UK logistics hub, serving national outlets

## SOLD:

**Bracknell and Slough**

- 2 smaller non-core industrial assets
- Multi-let estates serving 42 units across 9,900 sq m



*1 Gross value of properties acquired and disposed*

# €1bn SELP JV to increase exposure to European logistics

SEGRO
WHERE BUSINESS WORKS

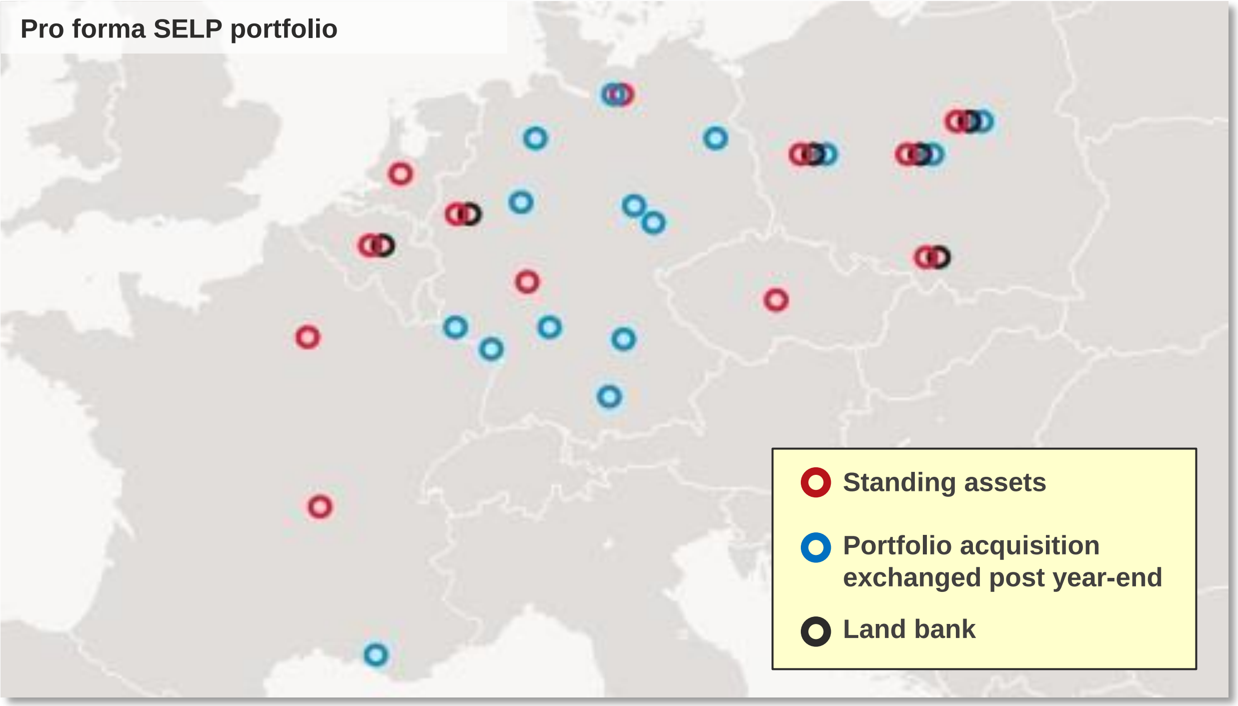
1 Reshape existing portfolio

2 Deliver profitable growth

**3 Reduce debt & introduce third party capital**

4 Drive operational performance

- Seeded with €1bn of Continental European logistics assets/land
- 81 ha land bank; 22 ha (80,000 sq m of space) already under development
- Agreement to acquire a further €472m of prime logistics assets



# £30m of new rental income contracted, +17% compared with 2012

SEGRO
WHERE BUSINESS WORKS

1 Reshape existing portfolio

2 Deliver profitable growth

3 Reduce debt & introduce third party capital

**4 Drive operational performance**

- Significant pick-up in pre-lets on future developments
- Vacancy +30bps to 8.5% mainly due to impact of disposals
- Improvement in customer satisfaction levels

| Inc. JVs at share | 2013 | 2012 |
|---|---|---|
| Total income contracted[1] | £29.6m | £25.2m |
| *- Of which pre-lets on developments* | *£7.3m* | *£3.9m* |
| Lettings vs. prior year ERV | +5.2% | +2.9% |
| Lease incentives | 11.0% | 8.2% |
| Retention rate | 69% | 65% |
| Take-backs[2] | £(21.0)m | £(20.7)m |
| Customer satisfaction[3] | 76% | 72% |

*1 Excludes lease renewals, break options not exercised and income from short term licence agreements*
*2 Excludes take-back of space for redevelopment and Neckermann campus space returned*
*3 % of occupiers rating SEGRO as 'good' or 'excellent'*

# Significant Strategic Progress

SEGRO
WHERE BUSINESS WORKS

| | | |
|---|---|---|
| 1 | **Reshape the existing portfolio** | ▪ £591m of disposals at 5% above Dec-12 value<br>▪ Non-core now only 11% of total assets (Nov-11: 31%) |
| 2 | **Deliver profitable growth by reinvesting** | ▪ £338m of acquisitions adding £22m of new rent[1]<br>▪ £108m invested into the development programme |
| 3 | **Reduce net debt and introduce third party capital** | ▪ Net borrowings reduced by £499m[2]; LTV[2,3] now 42%<br>▪ €1bn SELP JV to accelerate growth in CE logistics |
| 4 | **Drive operational performance across the business** | ▪ £30m of new rent contracted, +17% vs. 2012<br>▪ 7% reduction in administration expenses |

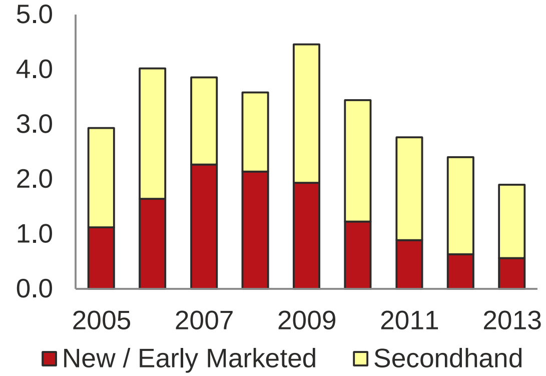
*1 Including SEGRO share of SELP logistics portfolio acquisition (exchanged in February 2014; expected completion in Q2 2014)*
*2 Including JVs at share*
*3 Includes £131m deferred consideration from the creation of the SELP JV*

# Well positioned for growth

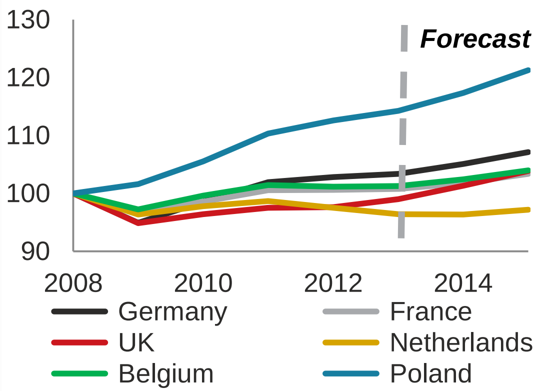
SEGRO WHERE BUSINESS WORKS

- Economic conditions generally improving
- Supply conditions remain tight
- Structural drivers of occupier demand accelerating
- Improving investor appetite for logistics warehouses

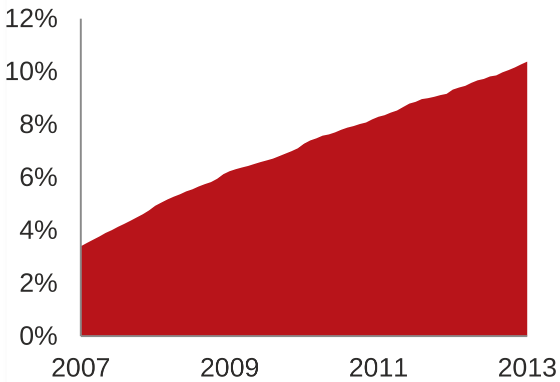
**Total UK logistics availability[1]**
(m sq m)



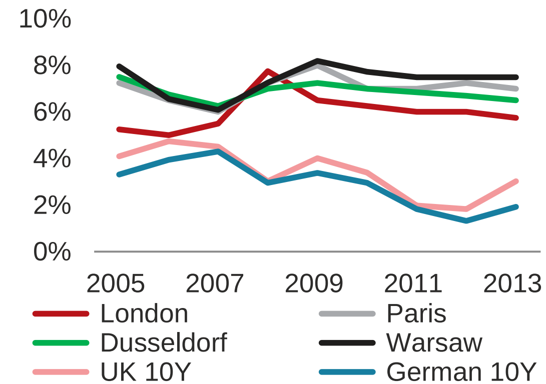

**European real GDP growth[2]**
(2008 = 100)




**UK internet sales as a % of total retail sales[3]**




**Prime industrial yields[4]**



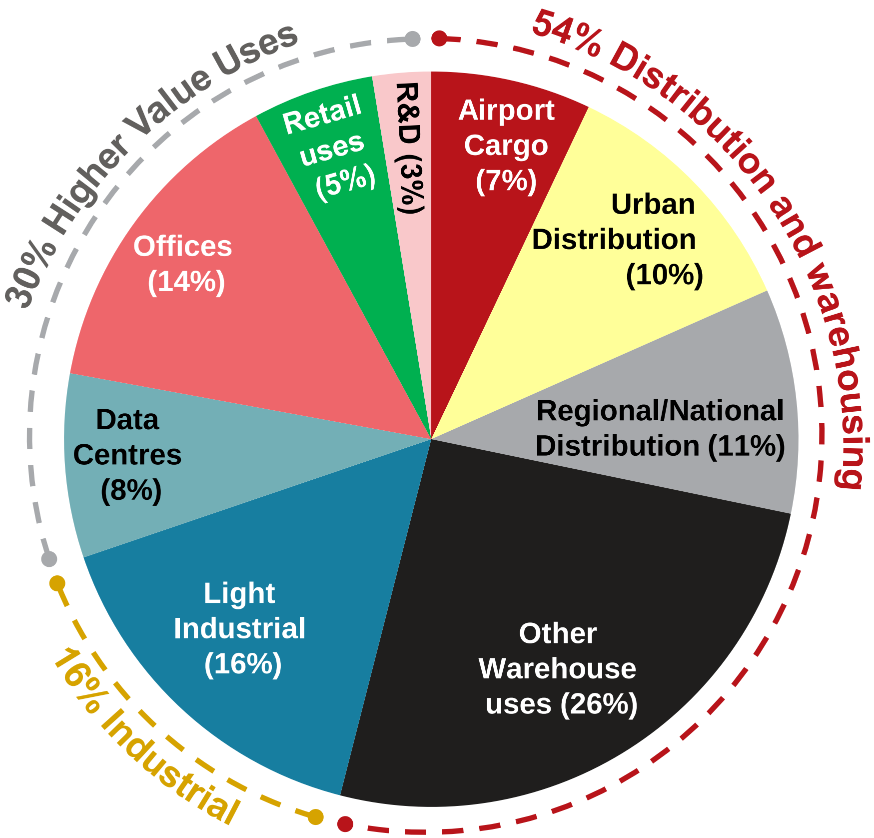



*1 CBRE / 2 OECD / 3 ONS / 4 Agents' average, Bloomberg*

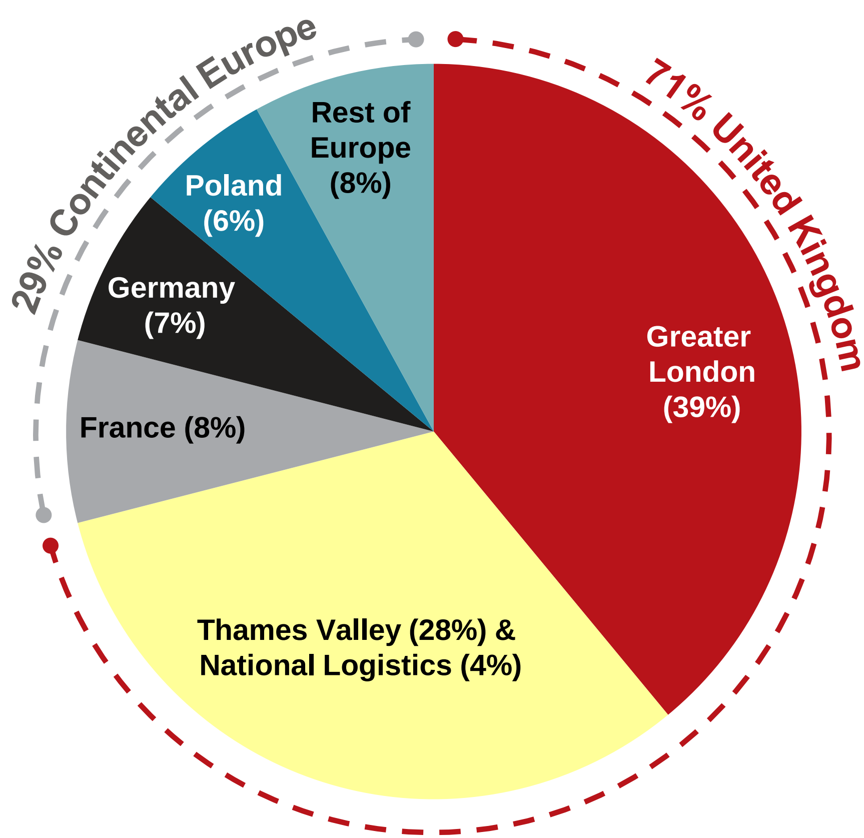
# Portfolio well positioned to benefit from growth drivers

SEGRO
WHERE BUSINESS WORKS

**Analysis of buildings by use**
(% of gross passing rent[1])



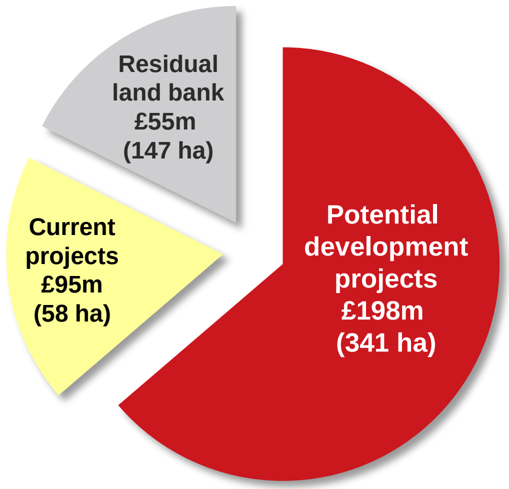

**Analysis of buildings by geography**
(% of portfolio value, inc. JVs at share)




*1 Occupied properties only (SEGRO share)*

# Land bank well located to capitalise on the favourable demand/supply dynamics

## Current land holdings by value
(as at 31 Dec 2013)




### Potential development projects

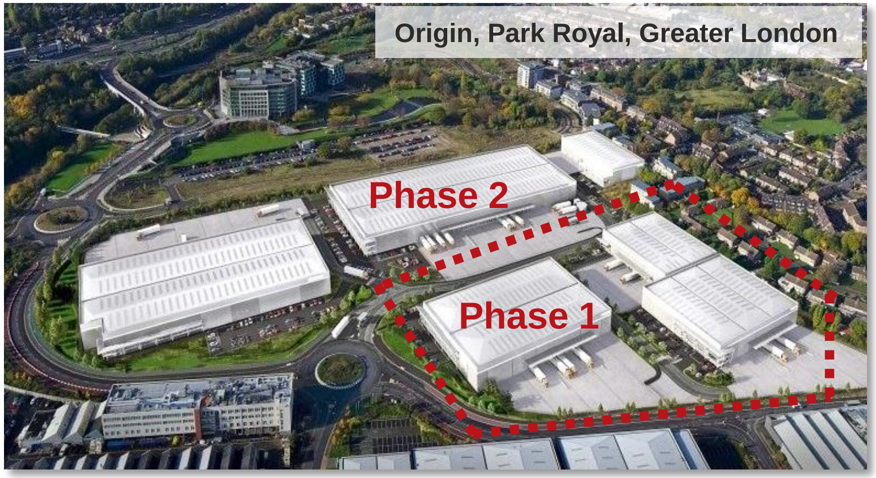
- £74m of potential future annual rent
- £594m estimated development costs
- 9.4% estimated yield on TDC[1]
- 12.5% estimated yield on new money


341 hectares (1.5m sq m) of potential development projects

1 Total development cost (including land)
Note: Map excludes land purchased with the recent acquisition within SELP

# 70,000 sq m of recent additions to the development pipeline so far in 2014

SEGRO
WHERE BUSINESS WORKS



Origin, Park Royal, Greater London

Volkswagen, Poznan (32,000 sq m)

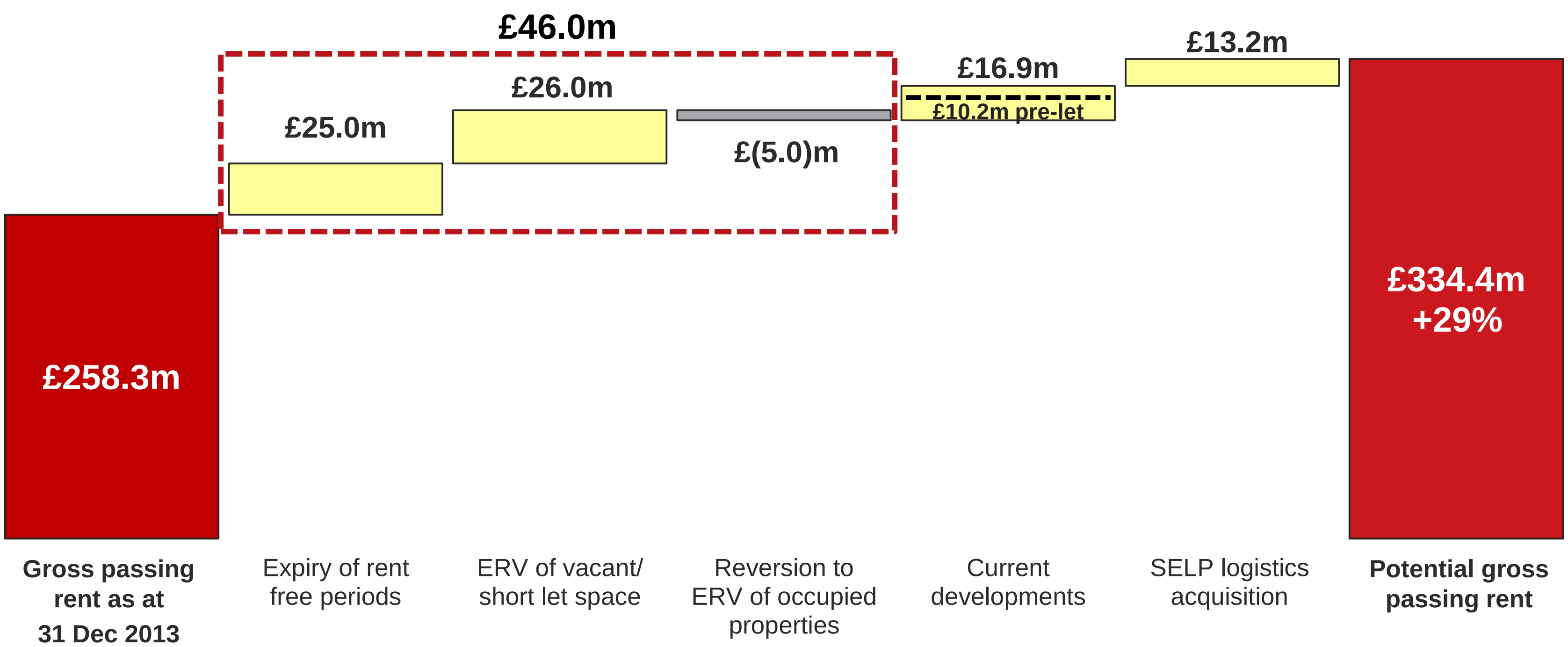

Origin, Phase 1, Park Royal (14,700 sq m)


Takko, Hamburg (22,860 sq m extension)

# Attractive income growth profile from existing assets and committed investments

SEGRO
WHERE BUSINESS WORKS

## Annualised gross cash passing rent[1]




- **Further development projects represent a potential £74m of annual rent**
- **Non-core assets account for £40m of gross rent, including the 'Big 2'**



*1 Including JVs at share*

# Summary

- **Significant progress against strategic priorities**
- **Encouraging operational performance**
- **Positive valuation performance driving 6% increase in NAV**
- **Well positioned for growth**
  - Improving economic environment
  - Structural drivers of occupier demand; supply conditions remain tight
  - Investment market for prime industrial supportive to values

# Q&A


Slough Trading Estate, UK

# Appendix I
## Portfolio & financial data

# EPRA performance measures

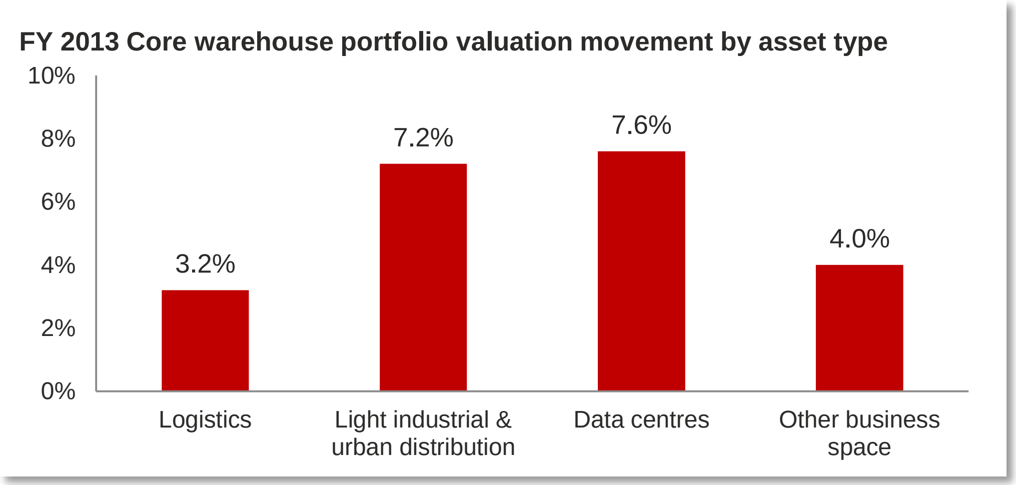
SEGRO
WHERE BUSINESS WORKS

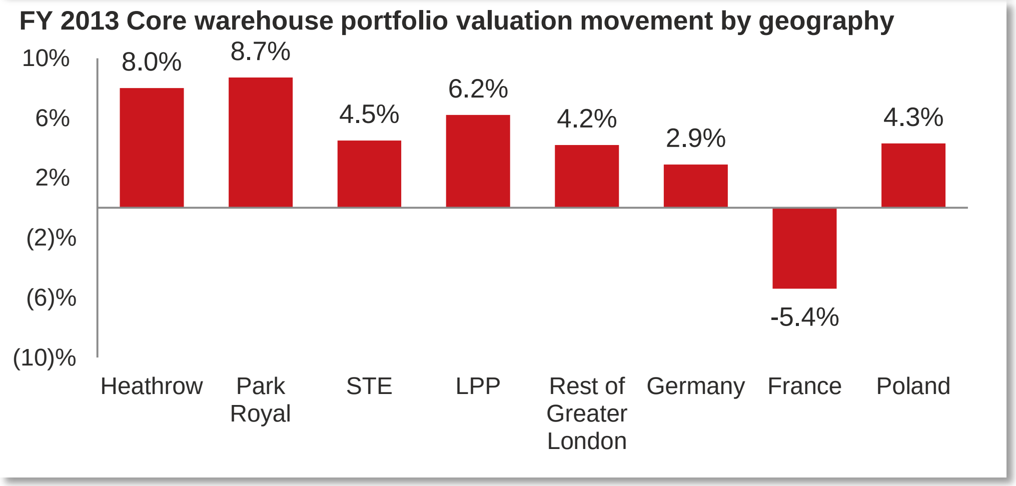
| | 2013 | | 2012 | |
|---|---|---|---|---|
| | £m | Pence | £m | Pence |
| EPRA earnings | **131.4** | **17.7** | 143.0 | 19.3 |
| EPRA NAV | **2,312.6** | **312** | 2,176.0 | 294 |
| EPRA NNNAV | **2,086.8** | **282** | 1,939.9 | 262 |
| EPRA net initial yield | | **6.3%** | | 6.8% |
| EPRA “topped-up” net initial yield | | **6.9%** | | 7.7% |
| EPRA vacancy rate | | **8.5%** | | 8.2% |
| EPRA cost ratio (including vacant property costs) | | **24.2%** | | 22.9% |
| EPRA cost ratio (excluding vacant property costs) | | **19.7%** | | 18.6% |

# Positive portfolio valuation movements

SEGRO
WHERE BUSINESS WORKS

- Core ‘industrial’ 5.5%
- Offices 2.8%
- Non-core (6.5)%
- **Total portfolio 4.1%**
- IPD UK Quarterly Index
  - All property 4.3%
  - All Industrial 5.7%






*Valuation in relation to completed properties only (including JVs at share)*

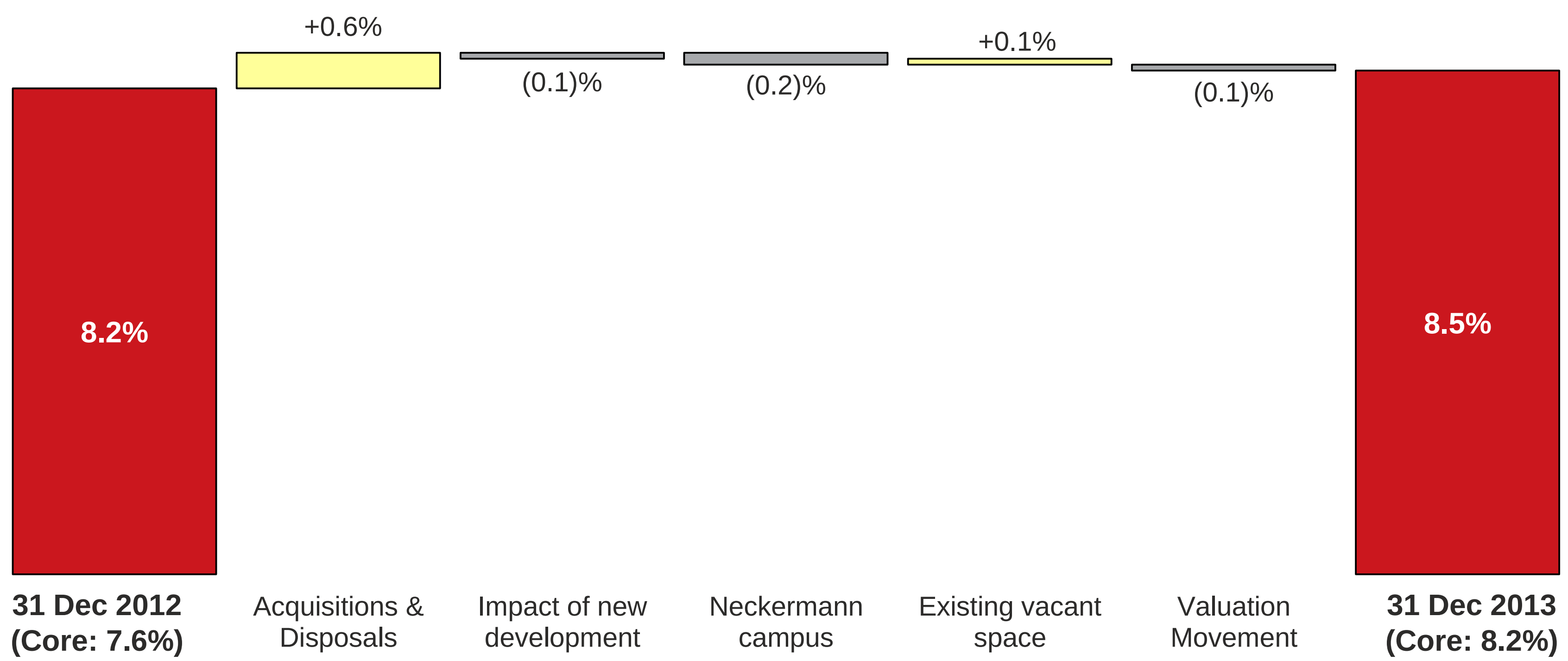
# Improved rental income profile

SEGRO
WHERE BUSINESS WORKS

- Retention rate of 69% in 2013 (2012: 65%)
- Portfolio vacancy reduced from 13.5% to 8.5% since 2009
- Weighted average lease length increased from 7.7 years to 8.9 years since 2009

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|
| Retention rate (%) | 69 | 65 | 74 | 55 | 52 |
| Portfolio vacancy rate (%) | 8.5 | 8.2 | 9.1 | 12.0 | 13.5 |
| Average lease length to expiry (years) | 8.9 | 8.4 | 8.2 | 8.3 | 7.7 |
| Average lease length to break (years) | 6.7 | 6.4 | 6.0 | 6.0 | 5.6 |

# Movement in portfolio vacancy



# £440m of non-core assets remaining representing 11% of total assets

SEGRO
WHERE BUSINESS WORKS

| At 31 Dec 2013<br>Inc. JVs at share | Valuation<br>£m | Net initial yield[1]<br>% | True equivalent yield[1]<br>% | Income[2]<br>£m |
|---|---|---|---|---|
| ‘Big 2’ assets | 163 | 11.2 | 9.9 | 16 |
| UK smaller non-core | 74 | 6.4 | 9.1 | 6 |
| European smaller non-core | 203 | 9.7 | 9.7 | 18 |
| **Total** | **440** | **9.5** | **9.7** | **40** |

Pegasus Park, Brussels

Energy Park, Vimercate, Milan

*1 Excluding land*
*2 Income based on headline rental income (after the expiry of rent free periods)*

# EPRA profit before tax: JVs proportionally consolidated

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | Group £m | JVs £m | Total £m | Group £m | JVs £m | Total £m |
| Gross rental income | 273.8 | 48.5 | **322.3** | 305.4 | 40.0 | **345.4** |
| Property operating expenses | (50.4) | (8.0) | **(58.4)** | (50.6) | (6.5) | **(57.1)** |
| **Net rental income** | **223.4** | **40.5** | **263.9** | **254.8** | **33.5** | **288.3** |
| Joint venture management fee income | 7.1 | - | **7.1** | 7.4 | - | **7.4** |
| Administration expenses | (26.1) | (0.4) | **(26.5)** | (27.9) | - | **(27.9)** |
| **EPRA operating profit** | **204.4** | **40.1** | **244.5** | **234.3** | **33.5** | **267.8** |
| EPRA net finance costs | (96.6) | (13.9) | **(110.5)** | (109.6) | (13.3) | **(122.9)** |
| **EPRA profit before tax** | **107.8** | **26.2** | **134.0** | **124.7** | **20.2** | **144.9** |
| Tax on EPRA profit | (2.7) | 0.1 | **(2.6)** | (1.9) | - | **(1.9)** |
| **EPRA profit after tax** | **105.1** | **26.3** | **131.4** | **122.8** | **20.2** | **143.0** |

# EPRA net assets:
# JVs proportionally consolidated

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | Group £m | JVs £m | Total £m | Group £m | JVs £m | Total £m |
| Investment properties | 2,910.0 | 1,079.6 | **3,989.6** | 3,795.7 | 621.5 | **4,417.2** |
| Trading properties | 138.7 | 12.8 | **151.5** | 193.3 | 29.1 | **222.4** |
| Owner occupied properties | 4.1 | - | **4.1** | 4.3 | - | **4.3** |
| **Total properties** | **3,052.8** | **1,092.4** | **4,145.2** | **3,993.3** | **650.6** | **4,634.9** |
| Investment in JVs | 635.7 | (635.7) | **-** | 342.6 | (342.6) | **-** |
| Other net assets/(liabilities) | 115.3 | (27.3) | **88.0** | (10.6) | (10.7) | **(21.3)** |
| Net debt | (1,459.1) | (429.4) | **(1,888.5)** | (2,090.3) | (297.3) | **(2,387.6)** |
| **Net asset value[1]** | **2,344.7** | **-** | **2,344.7** | **2,235.0** | | **2,235.0** |
| EPRA adjustments | | | **(32.1)** | | | **(59.0)** |
| **EPRA net assets** | | | **2,312.6** | | | **2,176.0** |

[1] *After minority interests*

# Net borrowings profile

SEGRO
WHERE BUSINESS WORKS

- £1,459m of Group net debt as at 31 December 2013, excluding JVs
  - £197m share of JV acquisitions to complete in Q2 2014 (of which equity of £118m)
  - £89m committed to complete current development projects

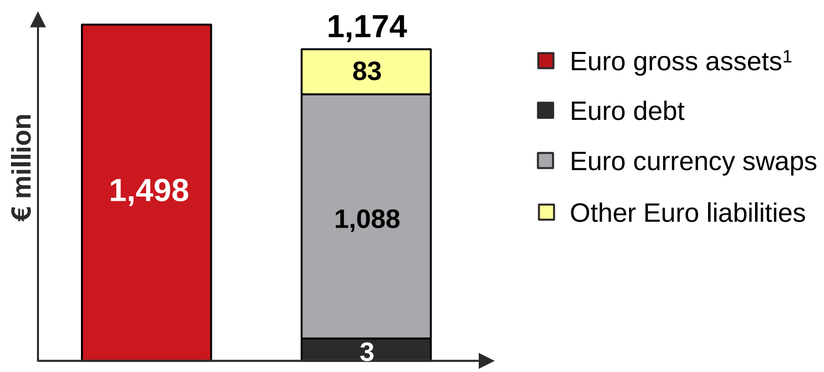
| | 31 Dec 2013 £m | Weighted average cost of gross debt[1] |
|---|---|---|
| Group gross borrowings | (1,693) | 4.5% |
| Group cash & equivalents | 234 | 0.4% |
| **Group net borrowings** | **(1,459)** | |
| SELP deferred consideration | 131 | 5.0%[2] |
| Share of JV net borrowings | (429) | 3.4% |

*1 Excluding commitment fees and amortised costs (c£7m)*
*2 Coupon on deferred consideration for the purpose of EPRA earnings (cash rate of 7%)*

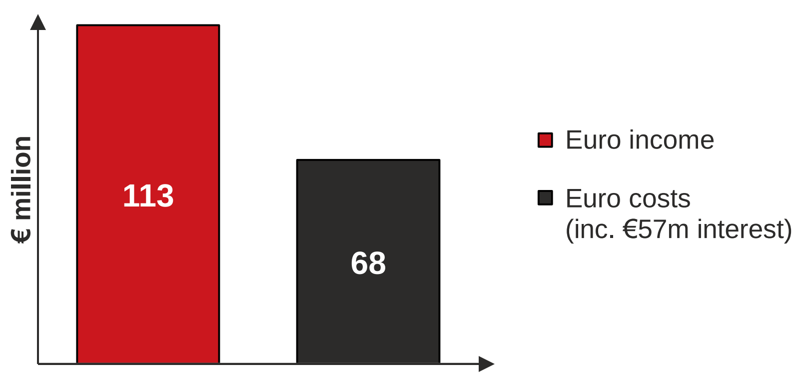
# Euro currency exposure and hedging

SEGRO
WHERE BUSINESS WORKS

## Balance Sheet (as at 31 December 2013)




## Income statement (year ended 31 December 2013)



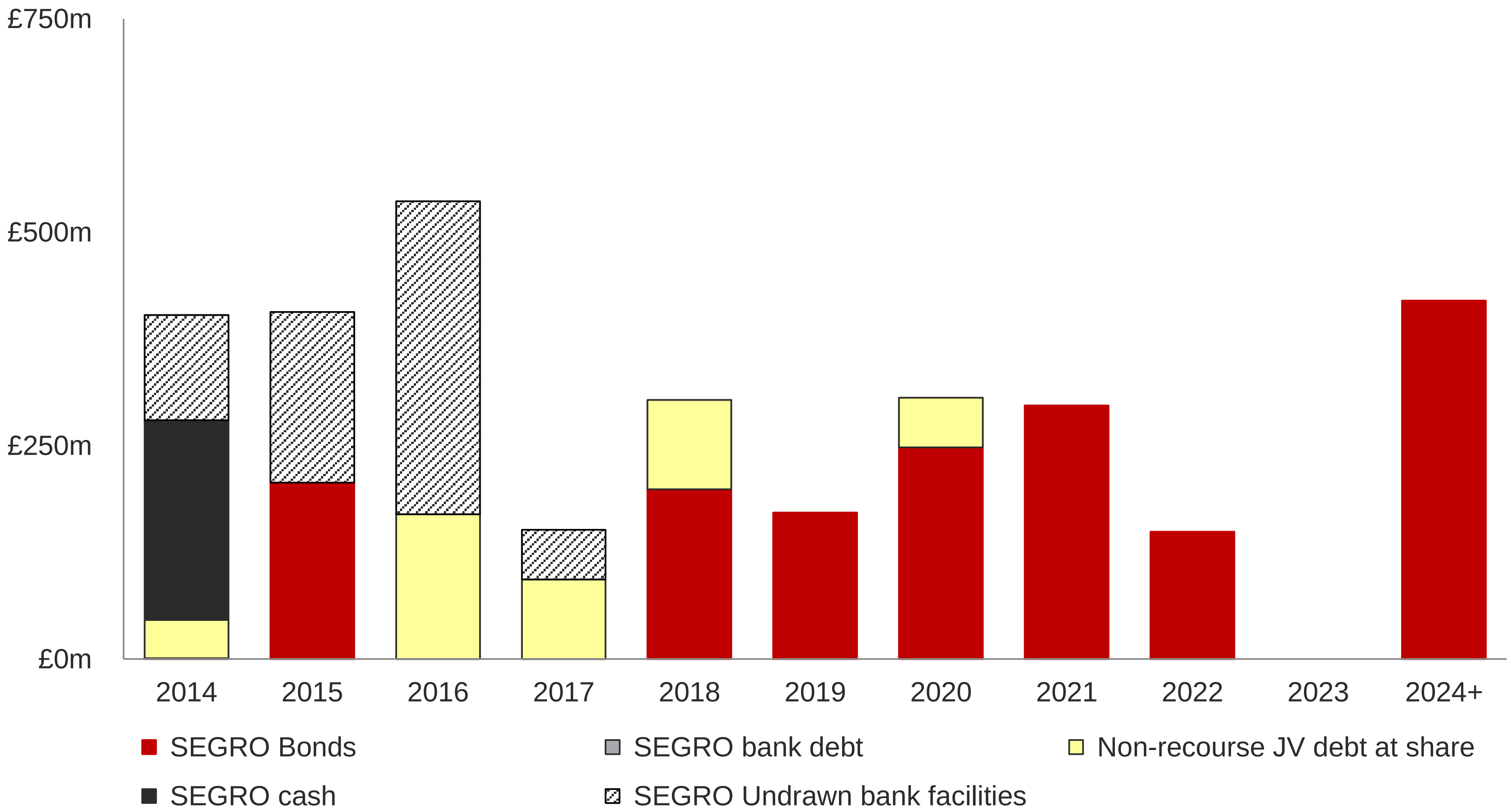

- €1.20:£1 as at 31 December 2013
- € assets 78% hedged by € liabilities
- €324m (£270m) of residual exposure - 12% of Group NAV
- NAV sensitivity versus €1.20:£1:
  - +5% (€1.26) = -c£13m (c1.8p per share)
  - -5% (€1.14) = +c£14m (c1.9p per share)

- LTV (on look through basis[1]) at €1.20:£1 is 42%
- Sensitivity versus €1.20:£1:
  - +5% (€1.26) LTV - 0.5%
  - -5% (€1.14) LTV +0.5%

- Average rate for 12 months to 31 December 2013 €1.18:£1
- € income 60% hedged by € expenditure (incl. interest)
- Net € income for the period €45m (£38m) – 29% of Group
- Annualised net income sensitivity versus €1.18:£1:
  - +5% (€1.24) = -c£1.8m (c0.2p per share)
  - -5% (€1.12) = +c£2.0m (c0.3p per share)

*1 Including net investment in JVs*

# Debt Maturity Profile



# SEGRO European Logistics Partnership (SELP) Balance Sheet

| SEGRO share | 31 Dec 2013 (£m) | European logistics portfolio acquisition[1] (£m) | Total (£m) |
|---|---|---|---|
| Portfolio valuation | 417 | 197 | **614** |
| - *France* | *142* | *29* | ***171*** |
| - *Germany/Belgium/Neth.* | *95* | *126* | ***221*** |
| - *Poland/Czech Republic* | *180* | *42* | ***222*** |
| Net borrowings | (136) | (79) | **(215)** |
| Other net assets/liabilities | (20) | - | **(20)** |
| **Net assets** | **261** | **118** | **379** |
| ***Annual gross passing rent[2]*** | ***33*** | ***13*** | ***46*** |

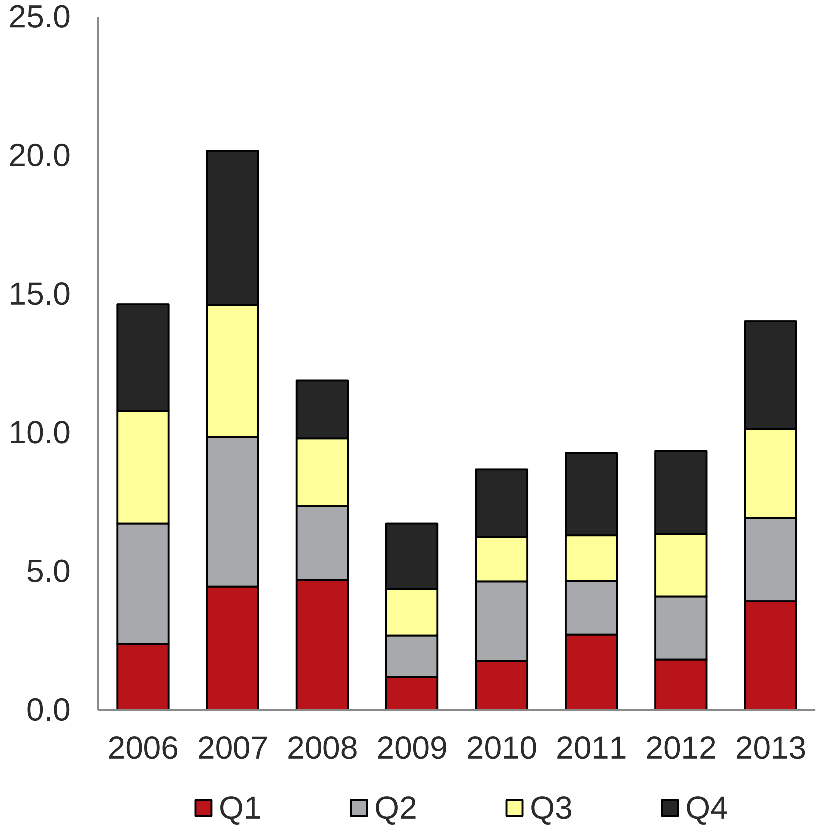


*1 Contracts exchanged in February 2014 (expected completion in Q2 2014)*
*2 Income based on headline rental income (after the expiry of rent free periods)*

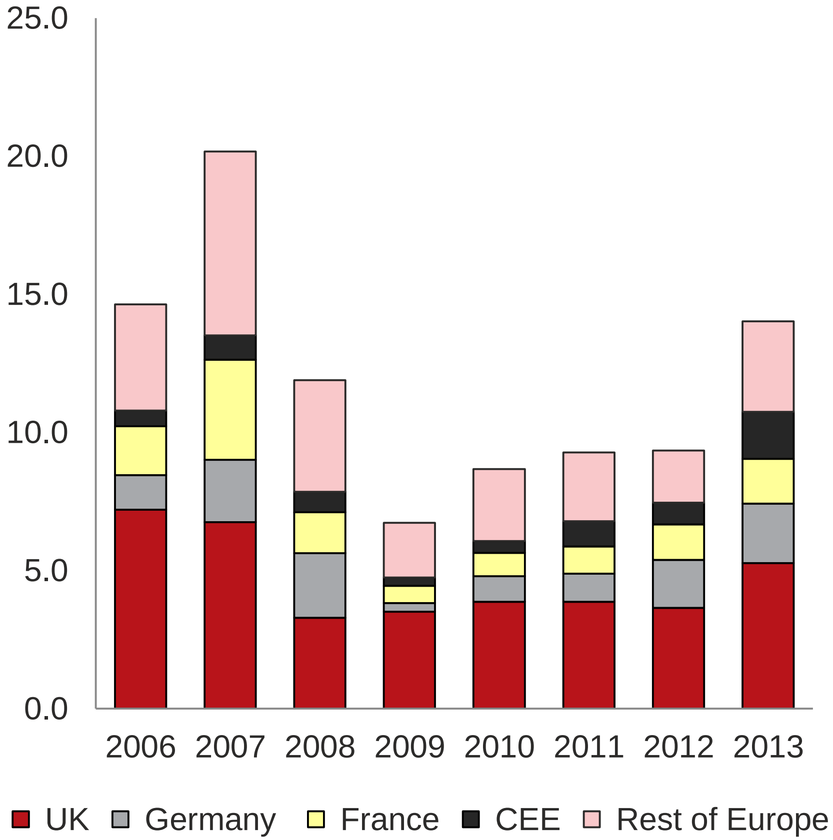
# Appendix II
## Supplementary market data

# European Industrial investment volumes

**European Industrial investment volumes**
By quarter (€bn)




**European Industrial investment volumes**
By country (€bn)



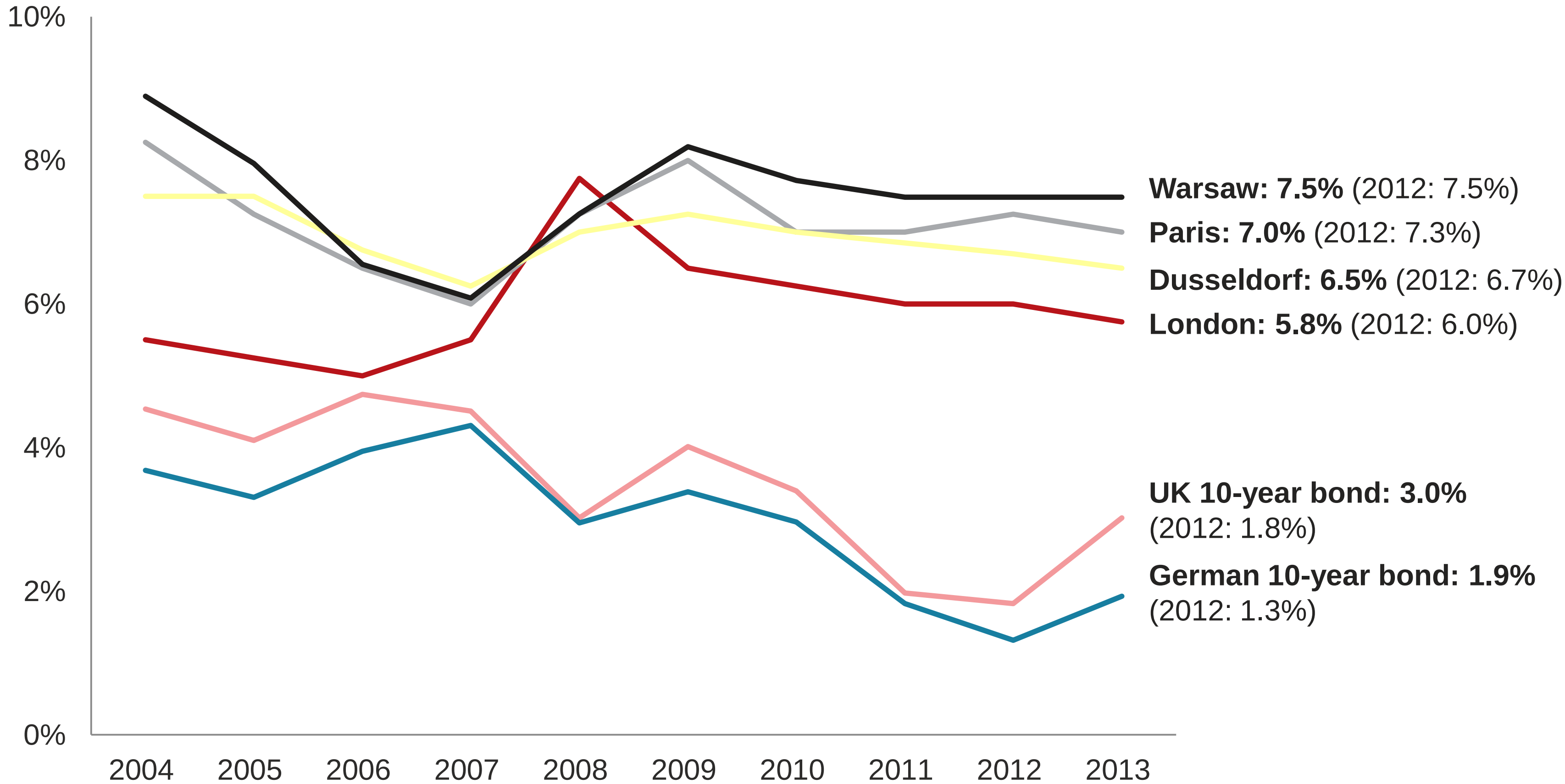



*Source: CBRE*

# Investment market yields declined in 2013, even as interest rates increased

SEGRO
WHERE BUSINESS WORKS

## Prime net yields by major logistics markets



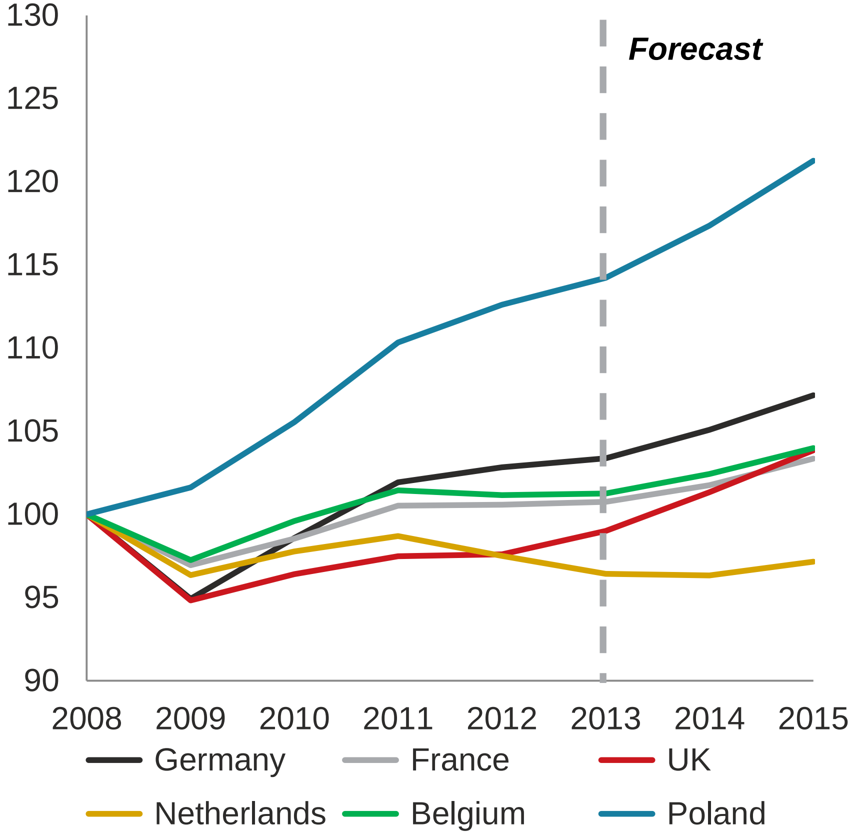



*Source: Agents' Average, Bloomberg*

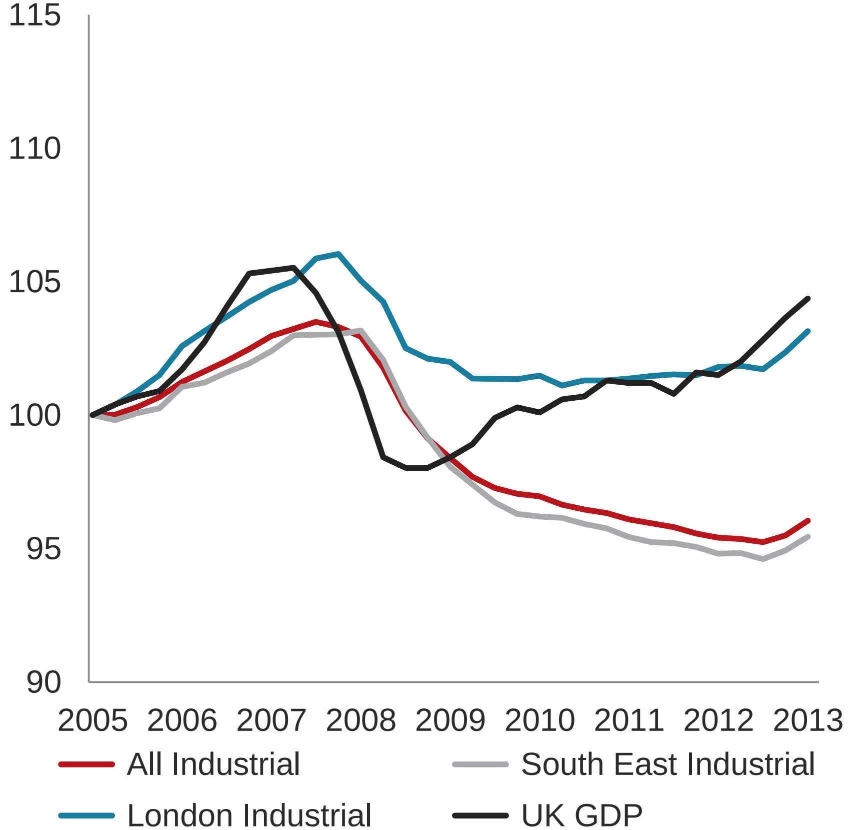
# Improving market outlook for occupational demand

SEGRO
WHERE BUSINESS WORKS

## European Real GDP growth[1]
(2008 = 100)



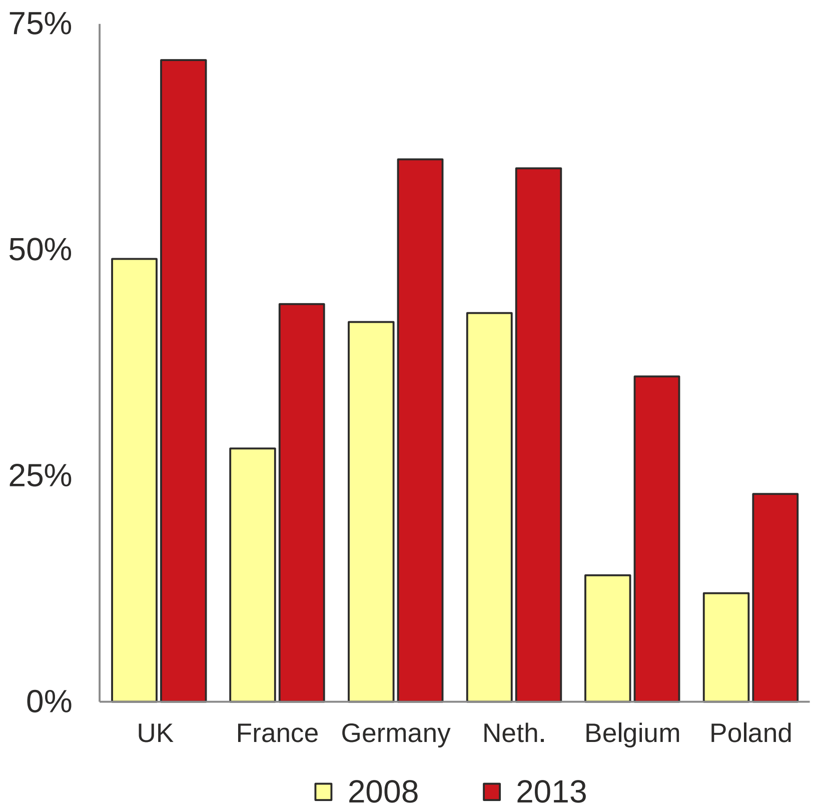

## UK industrial rents vs UK GDP growth[2]
(2005 = 100)




*1 Source: OECD*
*2 Source: IPD Quarterly Index, ONS*

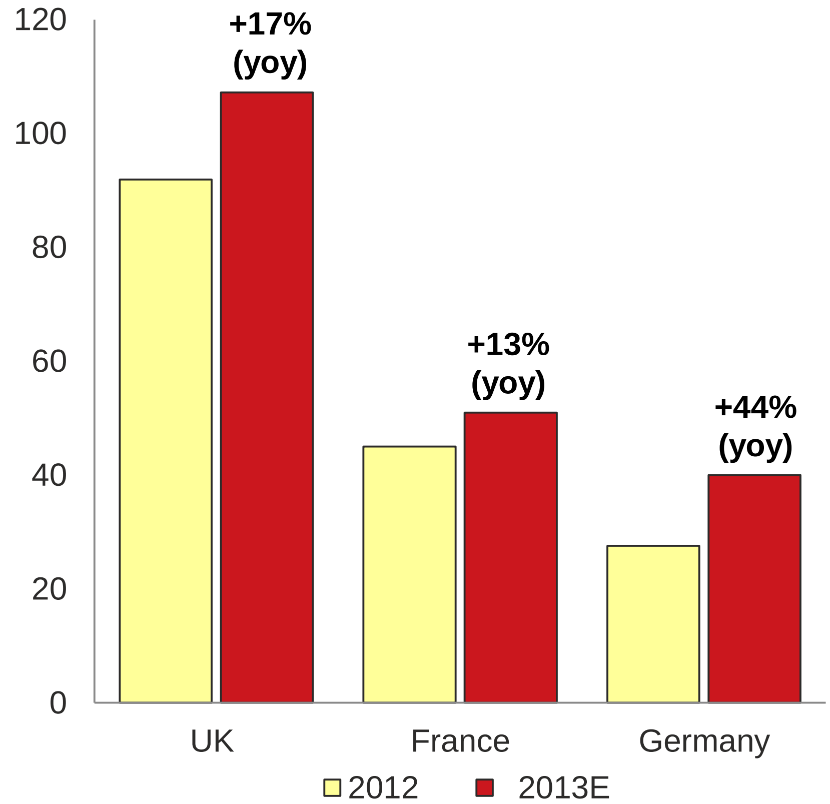
# Continued growth in online sales a key driver for logistics demand

## % of population making an online purchase within the last 3 months[1]




## Value of online spending[2]

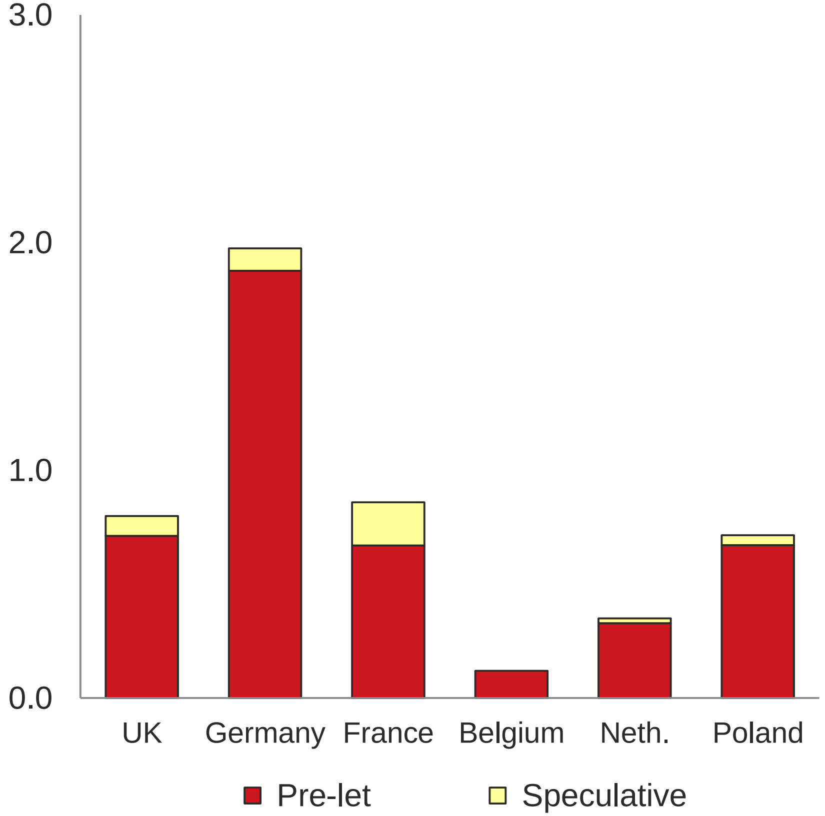
(€bn)



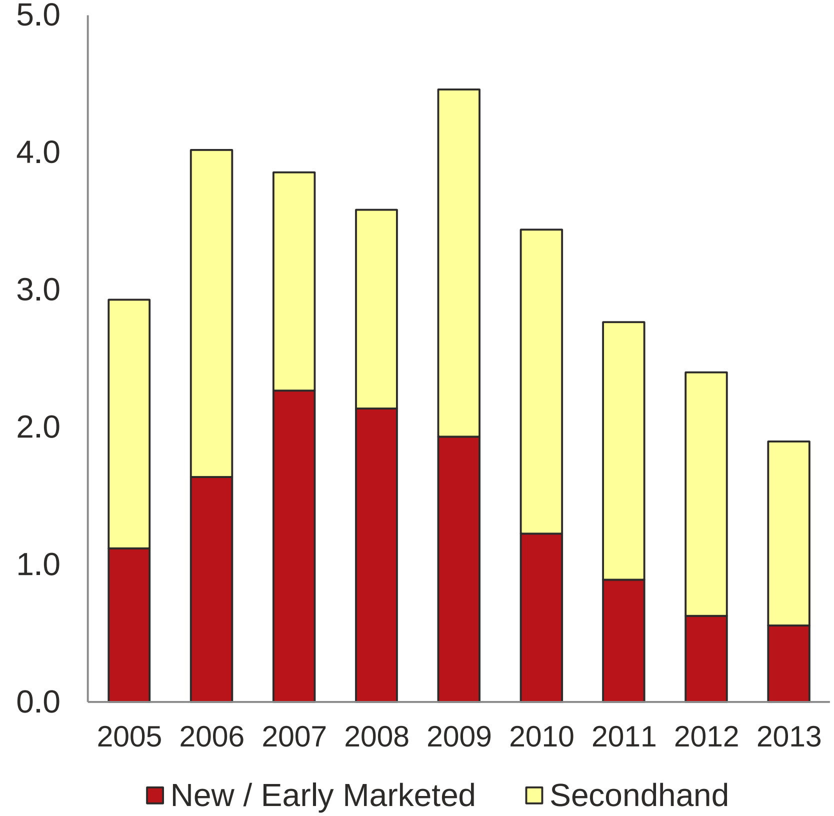

*1 Source: Eurostat*
*2 Source: IMRG, Fevad and BVH*

# Supply of new space remains significantly constrained

## Logistics space under construction[1]
(m sq m)

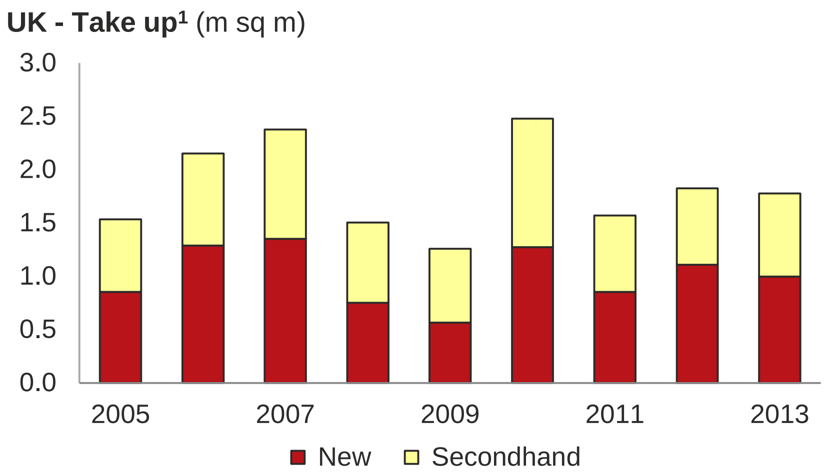


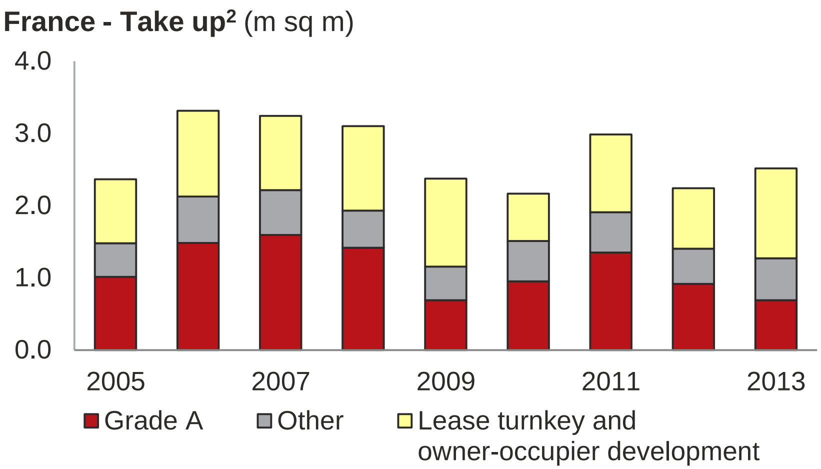

## Total UK Logistics availability[2]
(m sq m)

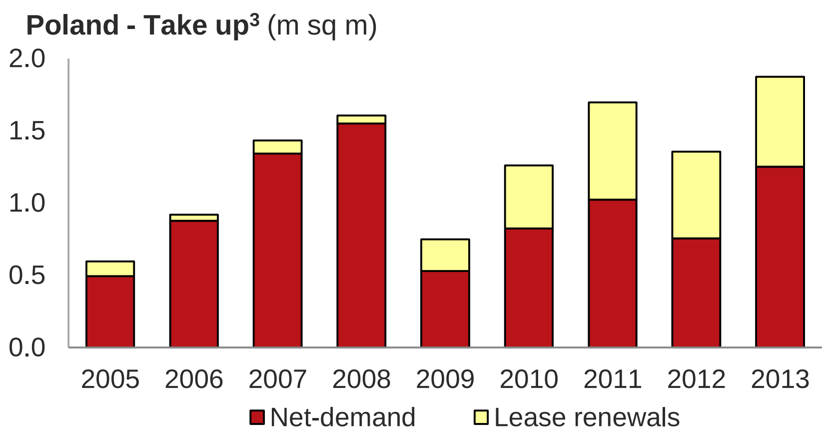


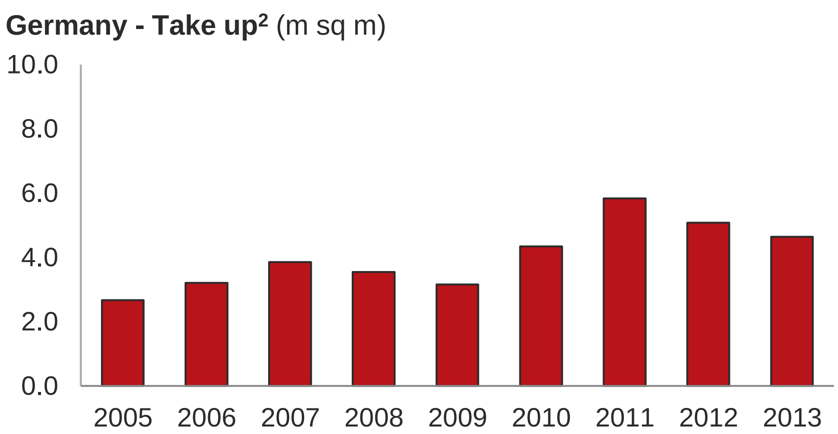

*1 Source: 4Q 2013, Jones Lang LaSalle (January 2014)*
*2 Source: CBRE*

# European logistics take-up



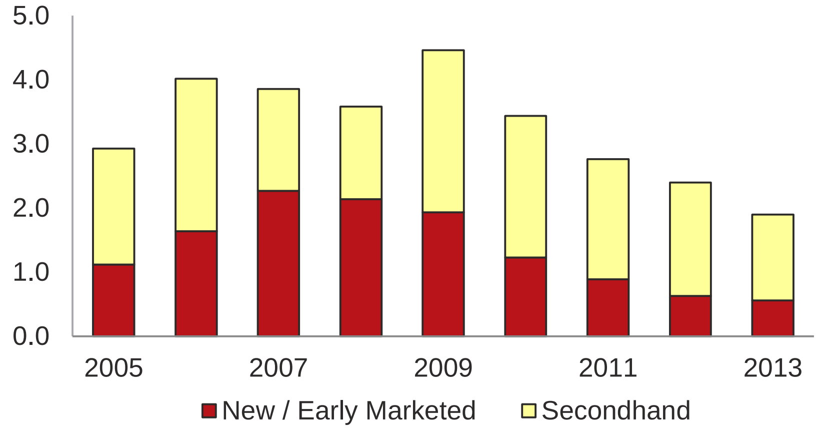



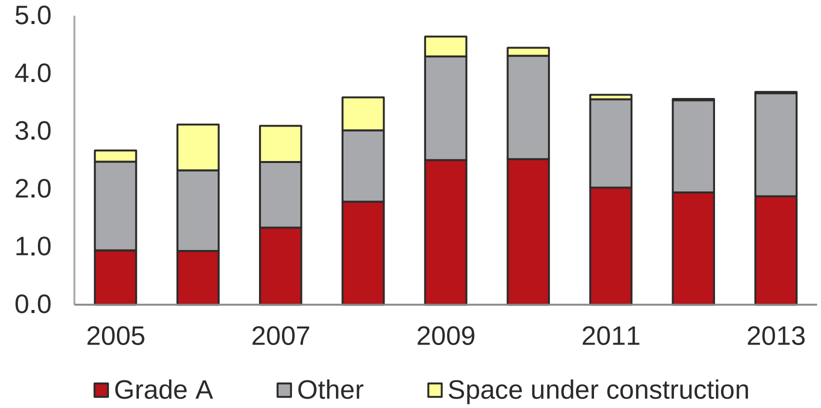

*1 Source: CBRE*
*2 Source: BNP Paribas Real Estate*
*3 Source: Jones Lang LaSalle*

# European logistics availability

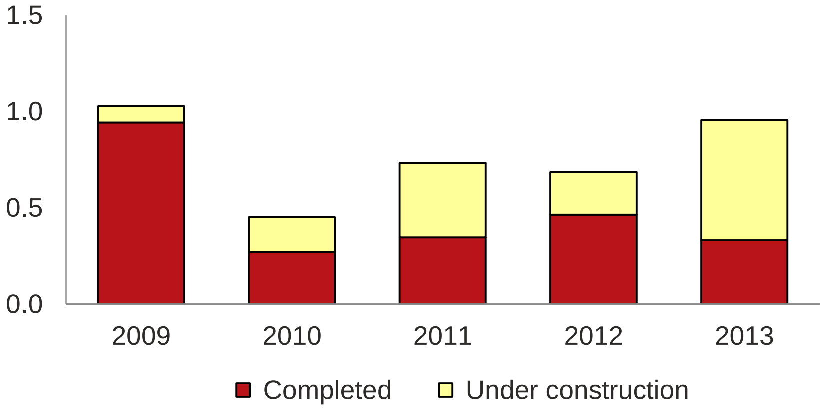
**UK - Availability[1]** (m sq m)




**France - Availability[2]** (m sq m)




**Poland - Availability[1]** (m sq m)




*1 Source: CBRE*
*2 Source: BNP Paribas Real Estate*

# Erosion of London industrial land

The constant erosion of London industrial land underpins values through scarcity


**Rental growth on key estates has outpaced inflation over 25 years+**



*Source: Deloitte/ONS*

# Forward-looking statements

This presentation 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 presentation should be construed as a profit forecast. Past share performance cannot be relied on as a guide to future performance.