



SEGRO plc

(Incorporated as a public limited company in England and Wales with registered number 00167591)

£350,000,000 2.375 per cent. Notes due 2029

£400,000,000 2.875 per cent. Notes due 2037

The issue price of the £350,000,000 2.375 per cent. notes due 2029 (the “**2029 Notes**”) of SEGRO plc (the “**Issuer**”) is 99.127 per cent. of their principal amount, and the issue price of the £400,000,000 2.875 per cent. notes due 2037 (the “**2037 Notes**”) and, together with the 2029 Notes, the “**Notes**” and each a “**Series**”) of the Issuer is 99.129 per cent. of their principal amount. The Notes will be issued by the Issuer on 11 October 2017 (the “**Issue Date**”).

The 2029 Notes will bear interest at their principal amount from (and including) the Issue Date at the rate of 2.375 per cent. per annum payable annually in arrear on 11 October in each year up to (and including) 11 October 2029 (the “**2029 Notes Maturity Date**”). The 2037 Notes will bear interest at their principal amount from (and including) the Issue Date at the rate of 2.875 per cent. per annum payable annually in arrear on 11 October in each year up to (and including) 11 October 2037 (the “**2037 Notes Maturity Date**”) and, together with the 2029 Notes Maturity Date, each a “**Maturity Date**”). The first interest payment on the 2029 Notes will be made on 11 October 2018. The first interest payment on the 2037 Notes will be made on 11 October 2018.

Unless previously redeemed or cancelled, the Notes will be redeemed at 100 per cent. of their principal amount together with accrued interest (if any) on their Maturity Date. The Notes are subject to redemption in whole at their principal amount together with accrued interest (if any) at the option of the Issuer at any time in the event of certain changes affecting taxation. The Notes are also subject to redemption at the option of the Issuer at any time in whole or in part at a redemption price, and at the option of the Holders at any time in certain circumstances, in each case as described under “*Terms and Conditions of the 2029 Notes—Redemption and Purchase*” and “*Terms and Conditions of the 2037 Notes—Redemption and Purchase*” together with accrued interest (if any).

The Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer, save for such exceptions as may be provided by applicable laws that are mandatory and of general application.

An investment in the Notes issued involves certain risks. For a discussion of these risks see “*Risk Factors*”.

Application has been made to the Financial Conduct Authority (the “**FCA**”) in its capacity as competent authority under the Financial Services and Markets Act 2000, as amended (the “**FSMA**”), (the “**UK Listing Authority**”) for the Notes to be admitted to the official list of the UK Listing Authority (the “**Official List**”). Application has also been made to the London Stock Exchange plc (the “**London Stock Exchange**”) for the Notes to be admitted to trading on the London Stock Exchange’s regulated market (the “**Market**”), which is a regulated market for the purposes of the Markets in Financial Instruments Directive (“**Directive 2004/39/EC**”). References in this Prospectus to Notes being listed (and all related references) shall (unless the context otherwise requires) mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or any U.S. state securities laws and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Managers (as defined in “*Subscription and Sale*”) in accordance with Regulation S under the Securities Act (“**Regulation S**”), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

For a description of these and certain further restrictions on offers, sales and transfer of the Notes and the distribution of this Prospectus, see “*Subscription and Sale*”.

Each Series of Notes will initially be represented by a temporary global note in bearer form (each a “**Temporary Global Note**” and together the “**Temporary Global Notes**”) which will be issued in new global note (“**NGN**”) form and which will be deposited with a common safekeeper for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) on or about the Issue Date. Each Temporary Global Note will be exchangeable on or after 20 November 2017 for a permanent global note in bearer form, without interest coupons, (each a “**Permanent Global Note**” and together the “**Permanent Global Notes**”) and, together with the Temporary Global Note, the “**Global Notes**”) upon certification as to non-U.S. beneficial ownership in the form set out in each Temporary Global Note. The Global Notes will be exchangeable for definitive Notes with Coupons attached only in the limited circumstances specified therein (the “**Definitive Notes**”). – see “*Overview of*

the Notes while in Global Form". The denomination of the Notes shall be £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000 each.

The Notes are expected to be rated A- by Fitch Ratings Ltd. Fitch Ratings Ltd is established in the European Economic Area (the "**EEA**") and is registered under Regulation (EU) No. 1060/2009, as amended (the "**CRA Regulation**"), and appear on the latest update of the list of registered credit rating agencies on the European Securities and Markets Authority ("**ESMA**") website <http://www.esma.europa.eu>. The ESMA website is not incorporated by reference into, nor does it form part of, this Prospectus.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Joint Bookrunners

HSBC

Lloyds Bank

NatWest Markets

Santander Global Corporate Banking

Senior Co Manager

Wells Fargo Securities

Co Managers

Bank of China

KBC Bank

The date of this Prospectus is 9 October 2017.

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IMPORTANT NOTICES

This Prospectus comprises a prospectus for the purposes of Article 54 of the Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU) (the “**Prospectus Directive**”) and for the purposes of giving information with regard to the Issuer and the Notes, which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes.

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

The Issuer confirms that third party information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*”). The Prospectus should be read and construed on the basis that such documents are incorporated in, and form part of, the Prospectus.

The Issuer has confirmed to the Managers named under “*Subscription and Sale*” below that this Prospectus contains all information regarding the Issuer and its subsidiaries (the “**Group**”) and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly and reasonably held or made and are not misleading in any material respect; this Prospectus does not contain any untrue statement of a material fact or omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Managers.

Neither the Managers nor The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”) nor any of their respective affiliates have authorised the whole or any part of this Prospectus or independently verified the information contained herein and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes. Each Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Prospectus, the information contained or incorporated herein or any other information provided by the Issuer in connection with the Notes. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus. The Managers and the Trustee expressly do not undertake

to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

Neither this Prospectus nor any other information supplied in connection with the Notes constitutes an offer of, or an invitation by or on behalf of the Issuer, any of the Managers or the Trustee to any person to subscribe for or purchase, any Notes. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer and/or any of the Managers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see “*Subscription and Sale*”.

Prospective investors should also consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of the Notes.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its own legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Managers and the Trustee do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Managers or the Trustee which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the EEA (including the United Kingdom (the “**United Kingdom**” or the “**UK**”)), Switzerland and Japan (see “*Subscription and Sale*”).

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities reviewed or passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal and interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant financial markets; and
- (v) will be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

PRESENTATION OF INFORMATION

In this Prospectus, all references to:

- “**Pounds Sterling**” and “**£**” are to the lawful currency of the United Kingdom; and
- “**Euro**”, “**EUR**” and “**€**” are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

ROUNDINGS

Percentages and certain amounts in this Prospectus, including financial, statistical and operating information, have been rounded. As a result, the figures shown as totals may not be the precise sum of figures that precede them.

PRESENTATION OF FINANCIAL INFORMATION

The financial information relating to the Issuer, as incorporated by reference into this Prospectus in respect of the financial year ended 31 December 2015 and the financial year ended 31 December

2016, has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (the “EU”) (“IFRS”).

Where, in this Prospectus, financial information is presented as at 30 June 2017, such information is extracted or derived (as applicable) from the half year unaudited management statements of the Issuer.

This Prospectus includes certain financial metrics which the Issuer considers to constitute alternative performance measures (“APMs”) and which are provided in addition to the conventional financial performance measures established by IFRS, specifically Gearing, ICR, LTV and TCR (in each case, as defined below). The Issuer believes the APMs provide investors with meaningful, additional insight as to underlying performance of the Issuer. An investor should not consider non-IFRS financial measures as alternatives to measures reflected in the Group financial information, which has been prepared in accordance with IFRS. In particular, an investor should not consider such measures as alternatives to profit after tax, operating profit or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities as a measure of the Group’s activity. The Group’s non-IFRS financial measures may not be comparable with similarly titled financial measures reported by other companies.

An explanation of each such metric’s components and calculation method can be found in “Description of the Issuer and the Group – Glossary of Key Terms”.

On 10 March 2017, the Company announced a 1 for 5 rights issue of 166,033,133 ordinary shares of 10 pence each in the capital of the Company at a price of 345 pence per share. To reflect the bonus element of the rights issue, the number of shares used to calculate per share metrics between 2014 and 2016 have been amended by applying a bonus adjustment factor of 1.046. The table below shows the unadjusted per share metrics as reported and their equivalents adjusted by applying the bonus adjustment factor.

	2014		2015		2016	
	Reported	Adjusted	Reported	Adjusted	Reported	Adjusted
IFRS earnings per share	92.0	88.0	91.7	87.7	53.9	51.6
Adjusted earnings per share	17.2	16.4	18.4	17.6	19.7	18.8
Diluted net assets per share	390	373	468	447	502	480
EPRA NAV per share	384	367	463	443	500	478
Dividend per share	15.1	14.4	15.6	14.9	16.4	15.7

FORWARD LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “seeks”, “will” and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding the business and management, growth and profitability of, and general economic and regulatory conditions and other factors that affect, the Group.

Forward-looking statements in this Prospectus are based on current estimates and assumptions that the Issuer makes to the best of its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including the Group’s financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. The Group’s business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Prospectus to become inaccurate. Accordingly, investors are strongly advised to read the following sections of this Prospectus: “*Overview*”, “*Risk Factors*” and “*Description of the Issuer and the Group*”. These sections include more detailed descriptions of factors that might have an impact on the Group’s business and the markets in which it operates. In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur.

In addition, the Issuer does not assume any obligation, except as required by law, to update any forward-looking statement or to confirm any such forward-looking statements to actual events or developments.

STABILISATION

In connection with the issue of the Notes, Lloyds Bank plc (the “Stabilising Manager”) (or persons acting on behalf of the Stabilising Manager) may over allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation action may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

OVERVIEW

This overview must be read as an overview of certain of the principal features of the Notes and any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference herein. Capitalised terms which are defined in “Terms and Conditions of the 2029 Notes” and “Terms and Conditions of the 2037 Notes” have the same meaning when used in this overview.

Issuer:	SEGRO plc
The Group:	The Issuer, together with its subsidiary undertakings, associated undertakings and investments.
Notes:	2029 Notes: £350,000,000 2.375 per cent. Notes due 2029 2037 Notes: £ 400,000,000 2.875 per cent. Notes due 2037
Risk Factors:	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under the Notes. These are set out under “ <i>Risk Factors</i> ” below, and include risks relating to the markets in which the Group operates generally, risks relating to the Group’s business, financial risks, legal risks, regulatory risks and tax risks. In addition, there are certain factors set out under “ <i>Risk Factors</i> ” below which are material for the purpose of assessing the market risks associated with the Notes, including there being no assurance that a trading market for the Notes will develop or be maintained, that the Notes may be redeemed prior to their maturity, the fact that the Notes are subject to certain transfer restrictions and that the Issuer may rely on paying agents and clearing systems.
Joint Bookrunners:	Banco Santander, S.A., HSBC Bank plc, Lloyds Bank plc and The Royal Bank of Scotland (trading as NatWest Markets)
Senior Co Manager:	Wells Fargo Securities International Limited
Co Managers:	Bank of China Limited, London Branch, KBC Bank NV and the Senior Co Manager
Managers:	The Joint Bookrunners and the Co Managers
Trustee:	The Law Debenture Trust Corporation p.l.c.

Principal Paying Agent:	Citibank, N.A., London Branch
Issue Date:	11 October 2017
Issue Price:	2029 Notes: 99.127 per cent. 2037 Notes: 99.129 per cent.
Use of Proceeds:	The net proceeds of the Notes will be used for the general corporate purposes of the Group (which may include, without limitation, the repurchase or refinancing of existing debt).
Interest:	2029 Notes: The 2029 Notes will bear interest at their principal amount from the Issue Date at a rate of 2.375 per cent. per annum payable annually in arrear on 11 October each year up to and including the 2029 Notes Maturity Date. The first interest payment will be made on 11 October 2018. 2037 Notes: The 2037 Notes will bear interest at their principal amount from the Issue Date at a rate of 2.875 per cent. per annum payable annually in arrear on 11 October each year up to and including the 2037 Notes Maturity Date. The first interest payment will be made on 11 October 2018.
Status:	The Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank pari passu without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer, save for such exceptions as may be provided by applicable laws that are mandatory and of general application.
Form and Denomination:	The Notes will be issued in bearer form in denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No definitive Notes will be issued with a denomination below £100,000 or above £199,000. The Notes are intended to be held in a manner which will allow for Eurosystem eligibility. Depositing the Notes with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such

recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

Final Redemption:

2029 Notes: The Notes will be redeemed in full at their principal amount together with accrued interest (if any) on 11 October 2029.

2037 Notes: The Notes will be redeemed in full at their principal amount together with accrued interest (if any) on 11 October 2037.

Optional Redemption (Issuer):

The Notes are also subject to redemption at the option of the Issuer at any time in whole or in part at their Redemption Amount, together with accrued interest (if any), as further described in Condition 5.3 (*Redemption at the option of the Issuer*).

Optional Redemption (Holders):

The Notes are subject to redemption at the option of the Holders if at any time while any of the Notes remains outstanding a Restructuring Event is deemed to occur and within the Restructuring Period:

(A) (if at the time that Restructuring Event is deemed to have occurred there are Rated Securities or the Issuer has a corporate Rating) a Rating Downgrade in respect of that Restructuring Event occurs or is deemed to occur and such Rating Downgrade has not been cured prior to the expiry of the Restructuring Period; or

(B) (if at such time there are no Rated Securities and the Issuer does not have a corporate Rating) a Negative Rating Event in respect of that Restructuring Event is deemed to occur.

at the principal amount outstanding together with interest accrued to but excluding the Optional Redemption Date, as further described in Condition 5.4 (*Redemption at the option of the Holders*).

Tax Redemption:	The Notes are subject to redemption in whole at their principal amount together with accrued interest (if any) at the option of the Issuer at any time in the event of certain changes affecting taxation in the Relevant Jurisdiction as further described in Condition 5.2 (<i>Redemption for tax reasons</i>).
Covenants:	So long as any of the Notes remains outstanding, the Issuer will be subject to certain financial covenants, as further described in Condition 3 (<i>Covenants</i>).
Cross Acceleration:	The Notes will have the benefit of a cross acceleration provision as described in Condition 8 (<i>Events of Default</i>).
Rating:	<p>The Issuer has a long-term issuer default rating of BBB+ by Fitch Ratings Ltd.</p> <p>The Notes are expected, on issue, to be given a credit rating of A- by Fitch Ratings Ltd.</p> <p>Fitch Ratings Ltd is established in the EU and is registered under the CRA Regulation.</p>
Withholding Tax:	All payments by or on behalf of the Issuer in respect of the Notes will be made free and clear of withholding taxes imposed by the Relevant Jurisdiction as provided in Condition 7 (<i>Taxation</i>), save as required by law. In the event that any such deduction or withholding in respect of United Kingdom tax is required by law to be made, the Issuer will, save in certain limited circumstances provided in Condition 7 (<i>Taxation</i>), be required to pay such additional amounts as will result in the Noteholder or Couponholder receiving such amounts as they would have received in respect of such Notes or Coupons had no such withholding been required.
Meetings of Noteholders:	The Conditions of the Notes and the Trust Deed contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.
Modification, Waiver and Substitution:	The Trustee may, without the consent of Noteholders and subject to certain conditions, agree (i) to any modification of (subject to certain exceptions), or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or, the Trust Deed and the other

transaction documents relating to the Notes, and (ii) subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders (a) to the substitution of a wholly-owned Subsidiary in place of the Issuer as principal debtor under the Trust Deed, the Notes and the Coupons subject to the Issuer unconditionally and irrevocably guaranteeing that Subsidiary's obligations as such principal debtor by a document in such form and substance as the Trustee may require and/or (b) to the substitution of any successor company (as defined in the Trust Deed) of the Issuer in place of the Issuer.

Purchase: Subject to certain conditions, the Issuer or any of its Subsidiaries may at any time purchase Notes in the open market at any price. All Notes purchased on behalf of the Issuer or any of its Subsidiaries shall either be cancelled forthwith, held or, to the extent permitted by law, resold.

Governing Law: The Notes, the Coupons and the Trust Deed, and any non-contractual obligations arising out of or in connection therewith, will be governed by English law.

Listing and Trading: Application has been made for Notes to be admitted to the Official List and to trading on the Market.

Clearing Systems: Euroclear and Clearstream, Luxembourg.

Selling Restrictions: The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws and, subject to certain exceptions, may not be offered or sold within the United States. The Notes may be sold in other jurisdictions only in compliance with applicable laws and regulations. See "*Subscription and Sale*".

ISIN: **2029 Notes:** XS1692835249

2037 Notes: XS1692836726

Common Code: **2029 Notes:** 169283524

2037 Notes: 169283672

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. These factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes. In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes or the Coupons. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes or the Coupons. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Prospectus a number of factors which could materially adversely affect its businesses and ability to make payments due under the Notes. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under the Notes

Deterioration in the real estate market including due to adverse economic and political conditions could have an impact on the business, prospects, financial condition and/or results of operations of the Issuer and its subsidiaries from time to time (together, the "Group")

Returns from an investment in property depend largely upon the amount of rental income generated from the property net of the expenses incurred in the construction or redevelopment and management of the property, as well as changes in its market value. The Group's ability to generate revenues from, and increase the value of, its portfolio in turn is linked to market supply and demand conditions, the efficiency of rent collection, occupier covenant strength and vacancy levels. These factors are themselves determined by a number of other factors including, amongst other things: the underlying performance of the customers that rent space in those properties, which is influenced by business confidence; gross domestic product growth; infrastructure quality; financial performance and productivity of industry; technology-driven change in the operation of customers' supply chains; levels of employment; interest rates; political stability and changes in government policy; fluctuations in weather; taxation; regulatory changes; and oil and energy prices.

The Group derived 76.4 per cent. of its gross rental income from the UK in 2016 and derived the remainder of its gross rental income from Continental Europe, mostly from France, Germany and Poland. At 30 June 2017, urban distribution and light industrial warehouses located in, or close to, cities such as London, Paris, Düsseldorf, Berlin and Warsaw accounted for 54 per cent. of the Group's portfolio value, and warehouses over 10,000 square metres in size mainly located in major logistics hubs and corridors in the UK, France, Germany and Poland accounted for 39 per cent. of the Group's portfolio value. Accordingly, the performance of the Group and the value of its

properties are likely to be directly or indirectly influenced primarily by economic and political conditions in the UK and these other countries.

While economic growth in many EU member states has been adversely affected in recent years by a range of factors (including, amongst other things, the global financial crisis), the pending withdrawal of the UK from the EU following the outcome of the 2016 referendum has the potential to have a significant negative impact on the economies of the UK as well as other members of the EU which may affect the demand for industrial property. The precise nature and scope of the consequences of deterioration in economic and/or political conditions cannot be predicted and are outside the Group's control, but such consequences, nonetheless, may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

In addition, property markets have tended to operate, at least historically, on a cyclical basis. Any investments, divestments and/or speculative developments which are made by the Group at the wrong time in an economic cycle could lead to the loss of value or underperformance by the Group relative to its competitors. If the Group is geared too highly at a point in the economic cycle when property valuations are falling, movements in the Group's net asset value may be exacerbated and covenants or other restrictions in the Group's credit facilities and other borrowings may be breached. Equally, if the Group is geared too conservatively at a point in the economic cycle when property valuations are rising, there is a risk that attractive growth opportunities could be missed.

Any significant decline in rental income or in the valuation of the properties held by the Group may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The Group's development business could be adversely affected by cash flow restrictions

The Group's development business requires substantial capital outlay, particularly during the construction period. The Group finances its property developments primarily through a combination of cash flow from operations and external borrowings.

The Group's ability to engage in development activities (and to refinance its borrowings) cost effectively is affected by the availability (and costs) of borrowings from time to time as a result of its financing of certain activities of the Group with external borrowings, including, amongst other things, bank loans and publicly listed debt. At 30 June 2017, the Group had net borrowings of £1,741.6 million (which does not include the non-recourse borrowings of its joint ventures as at that date, which totalled £344.6 million). An inability to fund its property developments cost effectively may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The Group is currently rated BBB+ with a stable outlook by the credit rating agency Fitch Ratings Ltd (registered in the EU in accordance with the CRA Regulation). Any material deterioration in the Group's credit ratings may increase its costs of funding or negatively impact its ability to raise new funding. As the majority of the Group's principal banking facilities, the majority of the Group's publicly traded Pounds Sterling-denominated bonds and the Group's €650 million US private placement debt are not due to mature for several years, if debt funding were unobtainable, restricted or accessible solely on unfavourable terms in the medium term only, the Group should be able to mitigate such adverse consequences successfully by cutting back on acquisitions and other capital expenditure (which is feasible given the short development lead times for both urban

and big box warehouse assets). However, if debt funding were unobtainable, restricted or accessible solely on unfavourable terms for a sustained period (for example, as a result of one or more material adverse movements in the valuation of the assets in the Group's portfolio and/or as a result of failures in the debt capital markets), the Group may become reliant on equity or equity-related capital. This could increase the Group's overall cost of capital and make certain types of property investment economically unattractive or not feasible. In turn, this may have a significant impact on future profit growth and the long term profitability of the Group. A severe rationing of debt funding over a sustained period may require the Group to dispose of property assets, potentially at unattractive prices, to avoid expensive re-financing costs. Many of these risks are outside the Group's control, but such consequences, nonetheless, may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

Restrictions in the Group's borrowings may restrict the Group's activities or business plans and adversely affect the Group's ability to finance ongoing operations, strategic acquisitions, investments and development projects

The Group's credit facilities and other borrowings impose certain restrictions on the Group. These restrictions may affect, limit or prohibit the Group's ability to create or permit to subsist any charges, liens or other encumbrances in the nature of a security interest; incur additional indebtedness by way of borrowing, leasing commitments, factoring of debts or granting of guarantees; make any material changes in the nature of its business as presently conducted; sell, transfer, lease or otherwise dispose of all or a substantial part of its assets; amend, vary or waive the terms of certain acquisition documents or give any consent or exercise any discretion thereunder; acquire any businesses; or make any co-investments or investments. If the Group were to seek to vary or waive any of these restrictions (for example, in the aftermath of material adverse movements in the valuation of the assets within the Group's portfolio) and the relevant lenders did not agree to such variation or amendment, the restrictions may limit the Group's ability to plan for or react to market conditions or meet capital needs or otherwise restrict the Group's activities or business plans and adversely affect the Group's ability to finance ongoing operations, strategic acquisitions, investments and development projects.

In particular, if the Group failed to comply with the financial covenants in its credit facilities or other borrowings (due, for example, to deterioration in financial performance or falls in asset valuations), it could result in acceleration of the Issuer's obligations to repay those borrowings or the cancellation of those credit facilities or inability to refinance borrowings more generally. Examples of covenants that could be breached include gearing ratios (for example, if property valuations fall) and interest cover ratios (for example, if income falls or non-hedged interest costs rise).

These risks may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

Gains and losses resulting from revaluations of properties could result in fluctuations in reported results and could potentially trigger covenant breaches

The Group's properties are independently re-valued on a semi-annual basis, and any increase or decrease in the value of its properties is recorded as a revaluation gain or loss in the Group's IFRS Income Statement for the period during which the revaluation occurs. As a result, the Group may have significant non-cash revenue gains and losses from period to period depending on the change in fair market value of its properties, whether or not such properties are sold. For example, during,

and in the aftermath of, the global financial crisis in the period from mid-2007 to 2012, the Group experienced falls in the valuation of properties within its portfolio of 35 per cent.

Whilst any revaluation gains and losses from the Group's existing properties may lead to non-cash revenue gains and losses from period to period, any such gains and losses would be unrealised and therefore would not have any impact on cashflow until such time as the Issuer chose to crystallise such gains or losses through a sale of one or more properties (if at all). However, under IFRS, such gains and losses do have the potential to cause volatility in the Issuer's IFRS Income Statement for the period during which the revaluation occurs. While the Issuer has no reason to believe that the financial covenants in its credit facilities would be breached, if significant revaluation losses from the Group's existing properties were to arise, the consequences may be so severe such that the Issuer could breach the terms of the financial covenants in its credit facilities if the Issuer were unable to renegotiate the terms, or obtain relevant waivers, of such financial covenants. The Group's borrowings or other leverage may also increase the volatility of the Group's financial performance, and amplify the effect of any change in the valuation of the Group's assets on its financial position and results of operations. Such consequences may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

Due to inherent uncertainties of property valuations, such valuations may not properly reflect the ability of properties to generate revenue or gains on sale

The valuation of the Group's properties and property-related assets is undertaken by independent third party valuers, but is inherently subjective due to the individual nature of each property.

As a result, valuations are subject to a degree of uncertainty. Moreover, property valuations are made on the basis of assumptions (which include, amongst other things, models and forecasts) which may not prove to be accurate. Incorrect assumptions or flawed assessments underlying the valuation reports may have a material adverse impact on the Group's ability to realise a sale price that reflects the stated valuation or to raise finance using the Group's properties as security. The valuations of the Group's properties may not be reflected in any actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, and estimated yield and annual rental income that underlie valuations may not be attainable. Such consequences may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The Group may fail to take advantage of market opportunities

The Group works with locally based professionals across its markets who have expertise in their respective investment markets to ensure that close contact is maintained with other market participants. A regular analysis is undertaken to compare the returns generated in relevant investment markets to the Issuer's internal targets to ensure that such target levels appropriately reflect the risks. However, there can be no assurance that investment opportunities will not be missed due to the Issuer using inappropriate targets. In the long term, investment decisions may not be sufficiently accurate, robust and responsive enough to implement the Issuer's strategy effectively. This may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

In addition, the UK real estate investment trust ("REIT") distribution requirements potentially limit the Group's ability to fund acquisitions and developments. To obtain full exemption from tax for the

profits and gains from the Group's UK property rental businesses, the Issuer is required, amongst other things, to distribute annually to shareholders whose ordinary shares are registered on the Issuer's register of members (the "**Shareholders**") at least 90 per cent. of the Group's income from those businesses by way of a property income distribution payable either in cash or through the issue of shares (for those Shareholders who elect for the scrip dividend scheme operated by the Issuer to apply). The foregoing requirement may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The Group may be unable to acquire and dispose of assets profitably

The Group's properties and those in which the Group may invest in the future, are relatively illiquid, as there may not be ready buyers with financing who are willing to pay fair value at the time the Group desires to sell. This may affect the Group's ability to dispose of all, or part of, its portfolio in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions or to finance its development activity. In the case of an accelerated sale or a sale required for compliance with covenants contained in the Group's financing, or in the event of enforcement of security by a lender under one of the Group's non-recourse financings, there may be a significant shortfall between the carrying value of the property on the Group's consolidated balance sheet and the price achieved at the time of the sale of such property, and the Group may be unable to achieve a sale price at, or above, the book value of the property sold.

Periods of reduced liquidity in the capital markets may also mean that it may be difficult to achieve the sale of property assets at prices reflecting the Group's property valuations to the extent potential purchasers cannot obtain capital to acquire the assets. In addition, a lack of statistically significant levels of relevant transactional evidence increases the possibility of the Group being unable to achieve successful sales of properties at an acceptable price. Conversely, a liquid marketplace may make it more difficult for the Group to acquire properties at prices acceptable to the Group (based on, amongst other things, an expectation that the price of a relevant property would not produce a sufficient net true equivalent yield for the Group) and the prices of properties on the market may tend to exceed the Group's property valuations. In the event that the Group is unable to identify suitable properties or acquire properties at prices which are acceptable to it, the Group may determine that it should re-direct capital towards the acquisition and/or development of land, which are areas which historically have been associated with higher levels of investment risk relative to investment in property.

Failure to achieve successful sales and/or purchases of properties in the future at acceptable prices, or to successfully integrate newly acquired portfolios into the Group, may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

Property developments may fail to deliver the anticipated returns

Property developments typically require substantial capital outlay during the construction period and may take months or years before positive cash flows can be generated, if at all. The Group has a land bank of undeveloped land at 30 June 2017 capable of supporting 3.5 million square metres of warehouse development for total potential development capital expenditure of £1.5 billion, which includes Current Development Pipeline and Near-Term Development Projects (in each case, as defined in the "*Description of the Issuer and the Group – Glossary of key terms*").

The time and costs required to complete new developments may be subject to substantial variables due to many factors, including, amongst other things, shortages of materials, equipment, technical skills and labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, contractor default, accidents, changes in government priorities and policies, changes in market conditions, delays in obtaining the requisite licenses, permits and approvals from the relevant authorities and other unforeseeable problems and circumstances. Any of these factors may lead to delays in, or prevent, the completion of a property development and result in costs substantially exceeding those originally budgeted, which may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The Group may commit significant time and resources to a project but may be unable to complete it successfully, which could result in loss of some or all of the investment in that project. Postponement or cancellation of a property development may result in the Group holding too much development land, which may dilute the returns due to capital being invested in unproductive assets. In addition, failure to complete a property development according to its original schedule or business case, may give rise to investment returns being lower than originally expected, customers exiting contracts and/or bringing claims for damages against the Group due to the Group's breach of pre-let agreements, and potential liabilities. Such consequences may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The Group may also be unable to lease speculatively developed properties or to renew the leases or find new customers on a timely basis or at all or at rents equal to or on equally favourable terms to those under the expiring leases.

The Group may hold excess land for future development which may not ultimately be beneficial to the Group

At 30 June 2017, the Group holds a land bank of undeveloped land (excluding land associated with the Current Development Pipeline) which is capable of supporting 3.5 million square metres of warehouse development. In the event of a prolonged economic downturn, developments may be postponed, slowing down the rate of recycling of the capital invested in land. There is a risk that holding too much land for future development, or holding such land for long periods, may dilute the returns due to capital being invested in unproductive assets. Changes in governmental policy (including, amongst other things, changes in planning policies and zoning and the use of compulsory purchase orders) may also mean that the Group incurs costs, or is required to take certain action, in connection with development land held for longer than a prescribed period. Furthermore, planning consents and building permits necessary to the development of land may not be secured. Equally, external factors or changed circumstances may also cause customers to change their property requirements which may mean that the Group holds land which is located in undesirable areas. Conversely, there is also a risk that the Group's land bank will not be large enough, thereby constraining the growth opportunities of the Group. Either of these risks may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The Group could be adversely affected if it is unable to address competitive industry threats

The Group operates in specific markets and a competitive industry, in respect of both competition from other owners and developers for customers to lease properties, and competition from other investors to acquire built properties and land at attractive prices. The quantity and quality of

competing developments in areas in which the Group operates could materially affect both its ability to lease units and the rental price charged to customers at its developments. Additional comparable developments built near the Group's developments could negatively affect the Group's business by creating increased competition for creditworthy customers. This could result in decreased revenue from customers and may cause the Group to make additional capital expenditures for renovation and improvement of facilities in order to compete effectively. Further, with respect to certain portfolios there is considerable supply offered by the Group's competitors, which could limit the Group's rental growth. Additionally, local factors, such as the particularly competitive market for pre-let activity in Poland relative to the other geographic markets served by the Group, may result in lower rental yields and decreased revenues from customers within certain geographies. Other competitive factors include operational efficiencies of competitors, competitive pricing strategies in the market, expansion by existing competitors, entry by new competitors into the Group's current markets and adoption of its business models by competitors. If the Group cannot respond to changes in market conditions of the relevant markets more swiftly or more effectively than its competitors, which may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The Group could be adversely affected by uncertainty, disruption or other consequences of the UK's decision to exit the EU

On 23 June 2016, the UK held a referendum in which a majority of voters voted in favour of the UK leaving the EU (commonly referred to as 'Brexit'). The prime minister of the UK formally invoked Article 50 of the Treaty on European Union on 29 March 2017, thus officially initiating the process for the departure of the UK from the EU. The result of the referendum and of Article 50 being invoked has created uncertainty surrounding the economy of the UK and other EU countries, which may have a material adverse impact on the respective economies of such countries. Consequently, 'Brexit' may cause uncertainty surrounding, and potentially disruptions to, the Group's business, including affecting its relationships with the Group's existing and future customers, suppliers and employees, which may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

Following Article 50 being invoked, the UK government has begun negotiating the terms of the UK's future relationship with the EU. The effects of 'Brexit' will depend on any agreements arising out of such negotiations which the UK government makes to retain access to EU markets either during a transitional period or more permanently. Although it is unknown what the terms of those agreements will be, it is possible that such agreements will lead to greater restrictions on the free movement of goods, services, people and capital between the UK and the remaining EU countries and increased regulatory complexities. Any such restrictions could potentially disrupt the markets the Group services and adversely impact the Group's operations in the jurisdictions in which it operates. In particular, any negative impact on trade between the UK and the EU may result in generally reduced demand for industrial property. Consequently, demand for properties held by the Group (including, for example, big box and urban warehouses) may reduce, which may mean that the Group is unable to renew leases or find new customers and, in the longer term, may lead to decreases in the value of its property in the UK and the EU. Further, given that a large proportion of the Group's portfolio in the south east of England serves the London market, a significant negative impact on the London economy (such as, for example, due to London losing its status as a pre-eminent centre for financial services) may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The effects of 'Brexit' could also lead to legal uncertainty and potentially divergent national laws and regulations which may, directly or indirectly, impact the Group's customers, suppliers, and employees, as the UK determines which EU laws to adopt, replace, or amend, which may increase compliance costs, and the cost to the Group of carrying out business generally, in the UK and the EU. In particular, given that part of the Group's activities are covered in whole or part by tax regimes – notably for *sociétés d'investissements immobiliers cotées* ("SIIC") and *société de placement à prépondérance immobilière à capital variable* ("SPPICAV") in France, *Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario* ("SOCIMI") in Spain and real estate investment fund ("REIF") in Italy – which are broadly similar to the UK REIT regime and confer similar tax benefits, any changes to the ability of the Group to benefit from such regimes as a result of the 'Brexit' process or otherwise, as well as other disruptions or consequences caused by 'Brexit', may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The Group is exposed to counterparty credit risk

There is a risk of a loss being sustained by the Group as a result of payment default by a counterparty with whom the Group places surplus funds on deposit or an in-the-money derivative contract. Under the Group's treasury risk management policy, the Group only deals with counterparties with certain minimum credit ratings and has set its maximum exposure to each of them with regard to credit ratings. There can be no assurance, however, that the Group will successfully manage this risk, which may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The global financial crisis, which began in 2007, also resulted in serious dislocation of financial markets around the world and caused a number of the world's largest financial and other institutions significant operational and financial difficulties. Consequently, such adverse conditions or other factors could inhibit the ability of a counterparty to honour its pre-existing lending or derivative contract commitments with the Group and could limit the Group's ability to access new funding over the longer term. While the Issuer has no reason to believe that these commitments will not remain outstanding and available to it during the term of such lending commitments, if, in the longer term, the Group is unable to access funding available under its existing credit facilities, or is unable to access funding through alternative arrangements in the longer term, it may be unable to meet its financial obligations (including interest payments, loan repayments, operating expenses, development costs and dividends) when they fall due or to raise new funding needed to finance its operations. Actions by counterparties who fail to fulfil their obligations to the Group as well as the inability of the Group to access new funding in the longer term may impact the Group's cash flow and liquidity. Such consequences may have a material adverse impact on its business, prospects, financial condition and/or results of operations.

The Group faces the risk of default or other adverse actions by its customers

The Group faces the risk that its customers may be unwilling or unable to meet their rental commitments, which could result from the impact of macroeconomic conditions or be the result of other factors, which could result in:

- (a) an inability to collect amounts receivable on a timely basis or at all (late payments and non-payments of invoices issued by the Group are more likely to occur in unfavourable market conditions);
- (b) renegotiation of payment terms which are unfavourable to the Group;
- (c) customers defaulting on commitments to occupy a 'pre-let' development project, leading to increased vacant building costs and impaired cash flow;
- (d) customers vacating a building and the Group incurring empty rates liabilities; or
- (e) an inability to re-let space if a customer vacates several of the Group's properties simultaneously or vacates a bespoke property.

In some instances, deposits may be held by the Group based on an assessment of a customer's credit risk. However, in circumstances where a customer is unable to meet a rental commitment, such deposits are, in practice, usually required to cover uncollected rent and any required dilapidation spend on a relevant property. Accordingly, in practice, such deposits are unlikely to offer the Group complete (or, in some cases, even part) protection against any empty rates liabilities.

Negative changes in the financial condition of a significant number of the Group's customers, including actual customer failure, could result in a substantial decline in the Group's rental income or its ability to comply with its financial covenants. Similarly, a decline in demand for the Group's services could result in a substantial decrease in the Group's rental income. Such a decline could result from a range of factors affecting individual circumstances of customers or affecting customers more broadly. An example of the latter would be the change in lease accounting (IFRS 16), which is effective 1 January 2019 and could prompt customers of the Group to seek shorter (or more flexible) leasehold agreements in relation to the assets of the Group or to obtain freehold interests in property assets rather than lease such assets. These factors could each have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The Group is exposed to translational and transactional effects of foreign exchange rate fluctuations

The Group reports its results in Pounds Sterling. As a result, the Group's investments in Continental Europe expose it to foreign exchange risk, as such investments are valued, and related income is received, in local currencies (including, amongst others, the Euro). In addition, certain of the credit facilities entered into by the Group are denominated in Euro, whilst the covenants in such credit facilities are expressed in Pounds Sterling. The Group is therefore exposed to foreign exchange risk caused by fluctuations in the value of foreign currencies when the net income and net assets of those non-UK domiciled operations are translated into Pounds Sterling for the purposes of financial reporting. Conversely, as most cash flow is generated by the Group in Pounds Sterling,

any depreciation in Pounds Sterling may make investments in Continental Europe more expensive for the Group. Further details in respect of the Group's sensitivity to fluctuations in foreign exchange rates and its approach to foreign currency risk management are included at Note 20 to the 2016 Annual Report and Accounts.

Fluctuations in the value of the Euro relative to Pounds Sterling have become more pronounced as a consequence of the result of the UK referendum to leave the EU. The Group's approach to managing this risk has been to fund with euro denominated debt or enter into certain derivative contracts, normally cross-currency swaps and forward sales, to hedge this risk. The effect of this has been to reduce the potential volatility in income and net asset value caused by currency fluctuations. While the Issuer has no reason to believe that it will breach the gearing ratios in its credit facilities, one consequence of this is that the Group's debt to equity financial gearing has been and could be further adversely affected by a fall in the value of Pounds Sterling against the Euro as the value of Euro denominated debt and liabilities increase in Pounds Sterling terms (which is the basis on which the Group's gearing is calculated). Such consequences may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The Group is exposed to interest rate fluctuations, principally due to its external borrowing requirements

The Group is exposed to movements in interest rates which affect the amount of interest paid on its borrowings and the return on its cash investments. Interest rates on real estate loans are also affected by other factors specific to the UK and European real estate finance and equity markets, such as changes to real estate value and overall liquidity in the real estate debt and equity financial markets.

To the extent that any of the Group's interest rate exposure remains unhedged, adverse movements in interest rates may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The Group may face difficulties in renewing leases with existing customers or finding new customers on satisfactory terms

The Group may be unable to lease speculatively developed properties or to renew its leases or find new customers on a timely basis or at all or at rents equal to, or on equally favourable terms to, those under its expiring leases. While properties remain vacant they may incur empty rates liabilities.

In particular:

- (a) vacancy rates could increase during periods of economic uncertainty;
- (b) existing and potential customers may seek to reduce their rental payments;
- (c) the weighted average lease length to break (or expiry) may become shorter due to prevailing market conditions and/or the advent of regulatory changes; and
- (d) rent free periods and/or other incentives for customers may increase.

Asset management decisions (including, amongst other things, decisions in relation to leasing, refurbishment and re-development investment) are based on assumptions about the future requirements of the Group's customers. If these requirements change relative to the Group's current expectations, there is a risk of increased obsolescence if the Group's properties become less attractive to customers and potential occupiers. In addition, there are numerous external factors that could cause customers to change their property requirements, including changes in legislation, increases in fuel costs and technological advances (including, amongst other things, the advent of autonomous vehicles). More stringent requirements for environmental protection may be imposed by the relevant authorities in the future, which could render the Group's buildings or properties technically obsolete. All of these factors may lead to a corresponding loss of value and rental income, which may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

If the actual rental levels on the Group's new developments decrease, or existing customers do not renew their lease agreements, or the Group is unable to find replacement customers in time after the expiration of existing tenancies, or the terms on which the Group agrees renewals or new leases become less favourable, this may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The Group's business is subject to various health, safety and employment obligations

On account of the nature of its operations, the Group is subject to various statutory compliance and litigation risks under health, safety and employment laws, including liability which may arise as a result of the actions of the Group's contractors. There can be no guarantee that there will be no accidents or incidents suffered by the Group's employees, its contractors or other third parties at the Group's facilities. If any of these incidents occur, the Group could be subject to prosecutions and litigation, which may lead to fines, penalties and other damages being imposed and cause damage to the Group's reputation and could otherwise lead to the Group failing to achieve its objectives for a particular project. Such events may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

Equally, there is a risk of an asset owned and/or constructed by the Group suffering a major structural failure which may lead to injury and/or loss of life which may lead to fines, penalties and other damages being imposed on the Group. Whilst the Group maintains commercial insurance, such insurance may not protect against liability arising from structural failure and any resultant injury and/or the loss of life in all circumstances. Such structural failure may also lead to major service disruption and/or reputational damage, which may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The Group's insurance coverage may prove inadequate, including due to failure or breach of insurance cover

Whilst the Group maintains commercial insurance in an amount the Issuer believes is appropriate against risks commonly insured against by persons carrying on similar businesses, there is no guarantee that it will be able to obtain the levels of cover desired by the Group on acceptable terms in the future. In addition, even with such insurance in place, the risk remains that the Group may incur liabilities to customers and other third parties which exceed the limits of such insurance cover or are not covered by it (for example, the Group's insurance policies may not fully cover misconduct by the Group's employees and/or the employees of third parties (in circumstances where the Group

employs third parties to provide services for customers) or that action (or inaction) may be taken by the Group or one of its employees which may invalidate the terms of such insurance (for example, due to the Group failing to fulfil a building inspection obligation in accordance with the terms of a relevant insurance policy)). The Group may also find that it is unable to recover in respect of loss or damage (for example to its properties) for which it is not adequately insured. A substantial uninsured claim against a part of the Group may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations. This is particularly the case when market conditions are unfavourable and market participants may be more likely to litigate in relation to disputes or losses.

The Group's operations are subject to applicable laws and regulations, which are subject to change, and which could constrain its operations, increase its costs or have other adverse effects on the Group

In each of the jurisdictions in which the Group operates it has to comply with laws, regulations and administrative actions and policies which relate to, among other matters, tax, REITs, planning, developing, building, land use, fire, health and safety, environment, anti-bribery, anti-corruption and employment. These regulations often provide broad discretion to the administering authorities.

Each aspect of the regulatory environment in which the Group operates is subject to change, which may be retrospective, and changes in regulations could affect existing planning consent, costs of property ownership and the value of properties. For example, there could be changes or increases in real estate taxes that cannot be recovered from the Group's customers or changes in environmental laws that require significant capital expenditure. Changes in regulations may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The Group, as owner or occupier of existing or future property, is subject to a variety of laws and regulations concerning the protection of health and the environment. This includes environmental laws and regulations that can impose liability for cleaning up contaminated land, watercourses or groundwater. For those properties located in the UK, local legislation and regulations extend such liability to any person who causes or knowingly permits such contamination. For those properties situated outside the UK, local legislation and regulations may apply different thresholds and tests for such liability.

Accordingly, the Group may (as owner or occupier of existing or future property) be, or become, responsible for the costs of removal, investigation or remediation of any hazardous or toxic substances that are located on or in a property, or that are migrating to or have migrated from a property owned or occupied by it, which costs may be substantial. The presence of such substances, or the failure to remediate such substances properly, may also adversely affect the Group's ability to sell or lease the real estate or to borrow using the real estate as security.

Laws and regulations, as these may be amended over time, may also impose liability for the release of certain materials into the air or water from a current or former real estate investment, including asbestos, and such release can form the basis for liability to third persons for personal injury or other damages. Other laws and regulations can limit the development of, and impose liability for the disturbance of, wetlands or the habitats of threatened or endangered species.

In relation to previous acquisitions, and future acquisitions, while the Group may have obtained, and will seek, indemnities relating to environmental liabilities in any purchase agreement (particularly where any specific environmental liability risks may have been identified), it may not be possible for the Group to recover under such indemnity the full costs or losses that it may incur or suffer.

Non-compliance with, or liabilities under, existing or future environmental laws or any other laws and regulations, including failure to hold the requisite permits or licences, could result in reputational damage, fines, penalties, third-party claims and other costs that may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The Group could be adversely affected were its properties subject to expropriation

Any property or part of any property in the UK may, at any time, be compulsorily acquired by a UK government department or local authority in connection with proposed redevelopment or infrastructure projects. If this were to occur, compensation would be payable on the basis of the value of all owners' and tenants' proprietary interests in that property at the time of the related purchase as determined by reference to a statutory compensation code, but the compensation could be less than the Group's assessment of the property's current market value (which may exclude the net present value of any future rental income), or the relevant apportionment of such market value where only part of a property is subject to a compulsory purchase order. In the case of an acquisition of the whole or part of that property, the relevant freehold, heritable or long leasehold estate and any lease would both be acquired. If the amount received from the proceeds of purchase of the relevant freehold, heritable or long leasehold estate were inadequate, this may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The Group's joint ventures and other forms of co-ownership subject the Group to certain risks of shared ownership and control of the properties affected

The Group has entered, and may enter in the future, into joint ventures (such as the SEGRO European Logistics Partnership ("SELP") joint venture) with certain business partners.

Under such arrangements, the Group is required to share control and specified major decisions require the approval of the Group's business partners. The Group's business partners may have economic or business interests that are inconsistent with the Group's objectives or those business partners could become insolvent, potentially leaving the Group liable for their share of any liabilities relating to the investment or joint venture. Although the Group generally seeks to maintain sufficient control of any business partnership to permit its objectives to be achieved, it might not be able to take action without its business partner or partners. Accordingly, the use of joint ventures could prevent the Group from achieving its objectives and could limit its business opportunities, which may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

There may be various restrictive provisions and rights which govern sales or transfers of interests in the Group's joint ventures and joint ownership arrangements. These may affect the Group's ability to dispose of a property at a time that is most advantageous, for instance by giving the joint venture partner a pre-emptive right and/or requiring the approval of the joint venture partner for disposal to a particular purchaser.

In addition, in the event of a partner being unable to make financial commitments to the relevant asset, it may be difficult to proceed with a particular project relating to an asset or the Group may have increased financial exposure as the Group may be jointly and severally liable under the terms of the joint venture agreement with the joint venture partner. The Group's ability to recover any such monies from a partner may be limited.

Restrictive provision and rights governing sales or transfers of interest, as well as joint venture partners being unable to make financial commitments, may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

In addition, the bankruptcy, insolvency or severe financial distress of one of the Group's business partners could materially and adversely affect the relevant joint venture or joint venture property. The Group may have a right to acquire the joint venture or the relevant joint venture property, but the Group may not wish to do so, or may not have sufficient funds available to do so, which could lead to a third party acquiring such interest or the joint venture's insolvency, both of which may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations. Further if the joint venture has incurred recourse obligations, the insolvency of a joint venture partner may, in certain circumstances, result in the Group assuming a liability for a greater portion of those obligations than it would otherwise bear.

Equally, if the Group were to fail to comply with its obligations in relation to such business partners in respect of any relevant joint venture arrangements (for example, amongst other things, by failing to follow a mandated governance procedure, defaulting under any of the Group's credit facilities or otherwise failing to comply with the terms of any relevant joint venture agreement), the Group may incur significant costs and/or be required to dispose of its stake in any relevant joint venture at less than its market value.

In addition, given the business relationships which exist between the Group and its joint venture partners, the Group is subject to reputational risk from adverse publicity which may, directly or indirectly, arise as a result of such relationships.

These risks may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The Group is subject to litigation in the ordinary course of its business

The Group may become subject to disputes with customers, commercial parties with whom it maintains relationships or other commercial parties in the property or related industries. Any such disputes could result in litigation between the Group and such commercial parties. Additionally, when the Group disposes of investments it may be required to give representations and warranties about those investments and disputes may arise to the extent that any such representations or warranties are claimed to be inaccurate.

Whether or not any dispute actually proceeds to litigation, the Group may be required to devote significant management time and attention to its successful resolution (through litigation, settlement or otherwise), which would detract from the Group's ability to focus on its business. The resolution of a dispute could involve the payment of damages or expenses by the Group which may be significant. Any such cash outflows from the Group may have a material adverse impact on its

business, prospects, financial condition and/or results of operations. In addition, any such resolution could involve the Group agreeing to terms that restrict the operation of its business.

The Group is reliant on third party contractors and consultants

The Group engages independent contractors and consultants to provide various services for its property developments, including construction and design. If the performance of any such contractor or consultant is unsatisfactory, it may be necessary to replace them or take other actions to remedy the situation, which could adversely affect the cost and timing of the construction. Moreover, the Group's independent contractors or consultants may become bankrupt or insolvent which may lead to significant operational risk for the Group, including, amongst other things, cost overruns and strategic decisions in relation to the scope and scale of planned constructions.

Any of these factors may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The Group may have difficulty attracting or retaining key personnel

The Group's success depends, to a significant extent, on the continued services of its executive management team, which has substantial experience in the property industry. In addition, the Group's ability to continue to identify, manage and develop properties depends on its management's knowledge of, and expertise in, the property market. If one or more senior executives or other personnel are unable or unwilling to continue in their present positions, the Group may not be able to replace them easily or at all, and its business may be disrupted and its financial condition and/or results of operations may be materially and adversely affected. Competition for experienced managers and key personnel is high, the pool of qualified candidates is limited and the Group may not be able to retain the services of its executives, managers or key personnel, or attract and retain high-quality executives, managers or key personnel in the future. In particular, the business of the Group is reliant on the performance of its development team, asset managers, property managers, investment managers and tax, treasury and accounting functions. If any key personnel from such teams or functions leave and carry on any activities competing with the Group, it may lose customers, key professionals and staff members, and legal remedies against such individuals may be limited, which may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

Failure of information technology systems and processes and the proper operation of office space could be detrimental to the Group

Given the limited amount of office space maintained by the Group and the limited number of individuals employed by the Group, the business of the Group is highly dependent on the proper functioning of its information technology systems and processes and the proper operation of its limited office space. The Group's systems and office space are vulnerable to damage or interruption from various factors, including, amongst other things, power loss, telecommunications failures, data corruption, network failure, computer viruses, malware, ransomware, security breaches, natural disasters, theft, vandalism execution of unauthorised transactions or other acts. These threats may derive from fraud or malice on the part of the Group's employees, its contractors or other third parties, or may result from human error or accidental technological failure. In order to increase business efficiency, the Group upgrades certain systems periodically and, particularly during the upgrading process, may be vulnerable to system implementation and system performance issues

as well as problems associated with the transition from legacy platforms. A disaster or disruption in the infrastructure that supports the Group's business (whether physical or non-physical) may have a material adverse impact on the Group's business (for example, amongst other things, in relation to the collection of rent, communications with customers and the proper functioning of treasury operations), prospects, financial condition and/or results of operations.

Increases in operating expenses during the term of leases adversely affects the Group's profitability

The weighted average lease length to expiry at Group level at 30 June 2017 was 8.7 years. The operating and other expenses of the Group could increase during the term of leases entered into by the Group without a corresponding increase in turnover generated by the leases. Accordingly, the Group would need to absorb such increased operating and other expenses until such time that a relevant lease may be renegotiated or renewed. Factors which could increase operating and other expenses include:

- (a) increases in property taxes and other statutory charges;
- (b) changes in laws, regulations or government policies which increase the costs of compliance;
- (c) increases in insurance premiums;
- (d) unforeseen increases in the costs of maintaining properties;
- (e) defects affecting the properties which need to be rectified; and
- (f) failure of sub-contractors leading to unforeseen costs.

Such increases may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The Group could be subject to additional taxation were it to no longer qualify as a REIT under the UK regime and similar tax regimes overseas

The Issuer became a UK REIT on 1 January 2007. The result is, broadly, that the Group is exempt from tax on the income profits and chargeable gains of its UK property rental business. In order to continue to qualify for the UK REIT regime, the Group has to comply with certain criteria, including requirements relating to the proportion which the Group's property rental business bears to its total business.

In the event that the Group ceases to comply with these criteria, it may lose the benefits of the UK REIT regime and may be subject to additional taxation, which may have a material adverse impact on the Group's results of operations. Any change to the legislative provisions relating to UK REITs could have a similar material adverse impact. Investors should note that there is no guarantee that the Issuer will continue to qualify as a UK REIT and that it could lose such status as a result of, among other things, the actions of third parties over which the Issuer has no control, in particular a successful takeover by a company that is not a UK REIT.

In certain non-UK jurisdictions, part of the Group's activities are covered in whole or part by tax regimes – notably for SIIC and SPPICAV in France, SOCIMI in Spain and REIF in Italy – which are broadly similar to the UK REIT regime and confer similar tax benefits. The Group's ongoing qualification for these regimes is subject to its compliance with legislative and regulatory criteria in the relevant jurisdictions. In the event that the Group ceases to comply with these criteria, it may lose the benefits of the relevant regime and may be subject to additional taxation, which may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations. Further, any changes to the legislative provisions relating to such regimes, which are outside the Group's control, could have a similar material adverse impact.

The Issuer is a holding company that has no revenue generating operations of its own

The Issuer is a holding company and conducts no business operations of its own. It therefore depends on revenues generated by its subsidiary undertakings in order for it to be able to make payments on the Notes.

Risks related to the Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Risks associated with redemption of the Notes

The Notes are subject to redemption at the option of the Issuer at any time in whole or in part at their Redemption Amount, together with accrued interest (if any), as further described in Condition 5.3 (*Redemption at the option of the Issuer*). Accordingly, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. Accordingly, an investor generally will not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment in light of other interest rates available at that time.

The Notes are subject to a fixed rate of interest

The Notes are subject to a fixed rate of interest. An investment in the Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Notes, this will adversely affect the value of the Notes.

Changes in law

The Conditions are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus and any such change could materially adversely affect the value of any Notes affected by it.

The denominations of the Notes involve integral multiples

The Notes will be issued in denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. Accordingly, it is possible that the Notes may be traded in amounts in excess of £100,000 that are not integral multiples of £100,000. In such a case a holder

who, as a result of trading such amounts, holds an amount which is less than £100,000 in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of £100,000 such that its holding amounts to a specified denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than £100,000 in its account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of £100,000 such that its holding amounts to a specified denomination.

If definitive Notes are issued, Noteholders should be aware that definitive Notes which have a denomination that is not an integral multiple of £100,000 may be illiquid and difficult to trade.

Modification, waivers and substitution

The Trustee may, without the consent of Noteholders and subject to certain conditions, agree (i) to any modification of (subject to certain exceptions), or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed and the other transaction documents relating to the Notes, (ii) to the substitution of a wholly-owned Subsidiary in place of the Issuer as principal debtor under the Trust Deed, the Notes and the Coupons subject to the Issuer unconditionally and irrevocably guaranteeing that Subsidiary's obligations as such principal debtor by a document in such form and substance as the Trustee may require and/or (iii) to the substitution of any successor company (as defined in the Trust Deed) of the Issuer in place of the Issuer provided that such a substitution would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable with similar investments that have a developed secondary market.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Pounds Sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Pounds Sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to sterling would decrease (1) the Investor's Currency-equivalent yield on the Notes; (2) the Investor's Currency equivalent value of the principal payable on the Notes; and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit ratings may not reflect all risks

One or more credit rating agencies may assign (and have assigned) credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU- registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to Fitch Ratings Ltd. and its ratings is set out on page (ii) of this Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents:

- (i) the auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2015 which appear on pages 114 to 173 of the annual report for the year ended 31 December 2015 (the "**2015 Annual Report**");
- (ii) the auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2016 which appear on pages 107 to 169 of the annual report for the year ended 31 December 2016 (the "**2016 Annual Report**"); and
- (iii) the auditors' review report and unaudited interim condensed consolidated financial statements of the Issuer for the six months ended 30 June 2017 which appear on pages 26 to 47 of the interim report of the Issuer for the six months ended 30 June 2017.

The above documents have been previously published or are published simultaneously with this Prospectus and have been approved by the FCA or filed with it. Such documents shall be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Those parts of the documents incorporated by reference in this Prospectus which are not specifically incorporated by reference in this Prospectus are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus are available for viewing on the website of the Issuer (www.segro.com) and can be obtained from the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being in London.

TERMS AND CONDITIONS OF THE NOTES

Part A

Terms and Conditions of the 2029 Notes

The following is the text of the terms and conditions that, subject to completion and amendment, shall be applicable to the 2029 Notes in definitive form (if issued).

The £350,000,000 2.375 per cent. Notes due 2029 (the “**Notes**”) issued by SEGRO plc (the “**Issuer**”) on 11 October 2017 (the “**Issue Date**”) are constituted by a trust deed dated the Issue Date (as modified from time to time, the “**Trust Deed**”) between the Issuer and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”, which expression shall include all persons for the time being who are the trustee or trustees under the Trust Deed) as trustee for the holders of the Notes (the “**Noteholders**” and (in relation to a Note, a “**Holder**”).

These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed. The Issuer has, on the Issue Date, entered into a paying agency agreement (the “**Paying Agency Agreement**”) with the Trustee and Citibank, N.A., London Branch as principal paying agent (the “**Principal Paying Agent**” and, together with any other paying agents appointed under the Paying Agency Agreement, the “**Paying Agents**”).

Copies of the Trust Deed and the Paying Agency Agreement are available for inspection during normal business hours at the registered office of the Issuer (being at the date hereof Cunard House, 15 Regent Street, London SW1Y 4LR), and at the specified offices of the Paying Agents.

The Noteholders and the holders of the interest coupons (the “**Coupons**”) relating to the Notes (the “**Couponholders**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Paying Agency Agreement applicable to them.

Capitalised terms and expressions used in these Conditions but not otherwise defined herein shall, unless the context requires otherwise, have the meanings given to them in the Trust Deed.

In these Conditions references to “**Pounds Sterling**” and “**£**” are to the lawful currency of the United Kingdom of Great Britain and Northern Ireland (the “**United Kingdom**” or the “**UK**”).

1. Form, Denomination and Title

The Notes are issued in bearer form, serially numbered, in denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000, each with Coupons attached on issue. No definitive Notes will be issued with a denomination below £100,000 or above £199,000.

Title to the Notes and the Coupons shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it, or its theft or loss and no person shall be liable for so treating the holder.

2. Status of the Notes

The Notes and the Coupons constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer, save for such exceptions as may be provided by applicable laws that are mandatory and of general application.

3. Covenants

The Issuer will procure that so long as any of the Notes remains outstanding (as defined in the Trust Deed):

- (A) the aggregate principal amount (together with any fixed or minimum premium payable on final repayment) for the time being outstanding of all Net Borrowings of the Issuer and the Subsidiaries (excluding borrowings by the Issuer from a Subsidiary or by a Subsidiary from the Issuer or another Subsidiary) shall not exceed a sum equal to 175 per cent. of the Adjusted Capital and Reserves; and
- (B) the aggregate principal amount (together with any fixed or minimum premium payable on final repayment) for the time being outstanding of (a) all Secured Borrowings of the Issuer and the Subsidiaries and (b) all Borrowings which are not Secured Borrowings of Subsidiaries (excluding borrowings by a Subsidiary from the Issuer or another Subsidiary) shall not exceed a sum equal to 50 per cent. of the Adjusted Capital and Reserves.

For the purpose of this Condition 3:

“Adjusted Capital and Reserves” means the aggregate for the time being of:

- (A) the amount paid up or credited as paid up on the issued share capital of the Issuer (including an issue or proposed issue of share capital for cash which has been unconditionally underwritten or which subsequently becomes unconditionally underwritten (in which case the relevant issued share capital shall be included within this definition from the time at which the proposed issue becomes unconditionally underwritten) for payment by the underwriters within six months;
- (B) the aggregate amount of any convertible capital bonds to the extent that they are, with an unqualified audit report in respect thereof, included otherwise than as indebtedness; and
- (C) the amount standing to the credit of the consolidated capital and revenue reserves of the Issuer and the Subsidiaries (including share premium account, capital redemption reserve and profit and loss account),

all as shown in the latest consolidated audited balance sheet of the Issuer and the Subsidiaries or in the notes thereto, but after:

- (i) making any adjustments as may be necessary to reflect any variation in (x) the amount of such paid up share capital of the Issuer or (y) capital and revenue reserves or (z) the aggregate amount of convertible capital bonds since the date to which the said consolidated balance sheet has been made up or which would result from any transaction contemplated when the adjusted capital and reserves is being calculated or from any transaction to be carried out contemporaneously therewith;
- (ii) adjusting to take account of any variation in interest in Subsidiaries, any companies which, since the date on which the said consolidated balance sheet has been made up, have ceased to be or have become Subsidiaries and any companies which will become Subsidiaries as a result of the transaction in relation to which the calculation falls to be made;
- (iii) deducting any distributions (other than dividends paid out of profits earned since such date) in cash or specie made to persons other than the Issuer or any Subsidiary since that date and not provided for in such balance sheet;
- (iv) excluding (to the extent otherwise included) all amounts set aside for taxation whether in respect of deferred taxation or otherwise;
- (v) deducting any amount attributable to goodwill (other than goodwill arising only on consolidation) or other intangible assets;
- (vi) deducting any debit balance on profit and loss account;
- (vii) excluding any amounts attributable to minority interests in Subsidiaries;
- (viii) excluding therefrom any share capital paid up by way of capitalisation of, or reserves derived from, the whole or any part of the amount of any writing up after 9 October 2017 (or in the case of a body corporate thereafter becoming a Subsidiary (an “**after-acquired Subsidiary**”) after the date of its becoming a Subsidiary) of the book value of any assets of the Issuer or any Subsidiary, except to the extent of:
 - (1) any writing up of the book values of freehold and leasehold properties of the Issuer or of any Subsidiary arising from a revaluation of all the freehold and leasehold properties of the Issuer and the Subsidiaries or such part thereof as the Trustee may in its absolute discretion agree, such revaluation being made and such writing up being effected on bases respectively approved by the Trustee who may for this purpose require a valuation to be made by a professional valuer approved by the Trustee and to be not earlier than 2 years after the last previous such valuation (if any); and
 - (2) any writing up of the book values of any fixed assets of an after-acquired Subsidiary by an amount not exceeding the excess of the

purchase consideration given by the Issuer or by another Subsidiary for its investment in such after-acquired Subsidiary over the amount of the net assets of such after-acquired Subsidiary attributable to the investment so acquired as appearing in its books at the date of acquisition,

and so that a transfer of any asset by the Issuer to a Subsidiary, or by a Subsidiary to the Issuer or another Subsidiary, for a consideration in excess of the book value thereof, shall be deemed to be a writing up of the book value of such asset;

- (ix) deducting (if not otherwise excluded) such amount as the Auditors shall consider appropriate in respect of any contingent taxation liabilities on the net amount by which the fixed assets of the Issuer and the Subsidiaries shall have been written up as a result of any revaluation, and for this purpose a transfer of any asset by the Issuer to a Subsidiary, or by a Subsidiary to the Issuer or another Subsidiary, for a consideration in excess of the book value thereof shall be deemed to be a writing up of the book value of such asset as a result of a revaluation; and
- (x) making such other adjustments, if any, as the Auditors think appropriate.

“Borrowings” means and includes at any time:

- (A) all money borrowed (with or without security) by any member of the Group;
- (B) the nominal amount of the issued share capital of any relevant Subsidiary of the Issuer which is not beneficially owned by the Issuer or another Subsidiary of the Issuer which is wholly-owned and which is treated in the latest audited balance sheet of the relevant company as indebtedness or which, if it does not appear in such latest audited balance sheet or if there is no such balance sheet, the Auditors (as defined in the Trust Deed) certify would have been so treated had it so appeared;
- (C) the maximum amount in respect of financial indebtedness for the time being outstanding for which any member of the Group has given security or is liable as guarantor and indemnifier;
- (D) the principal amount raised by any member of the Group by acceptances or under any acceptance credit agreed on its behalf by a bank or accepting house other than in relation to the purchase of goods or services in the ordinary course of business and which have been outstanding for 180 days or less;
- (E) the aggregate amount owing by any member of the Group under a Finance Lease;
- (F) the principal amount of any debenture (as defined by section 738 of the Companies Act 2006) of any member of the Group; provided, however, that, in the case of a debenture which constitutes a deep discount security for the purpose of section 57 of, and Schedule 4 to, the Income and Corporation Taxes Act 1988 and contains

provisions for prepayment or acceleration, the principal amount shall be deemed at any relevant time to be the highest amount which would if such debenture were then to be repaid in accordance with any such provision for prepayment or acceleration, be repayable in respect of the principal amount thereof;

- (G) amounts (which are not expressly excluded from the definition of Borrowings under any other paragraph of this definition) which would not otherwise fall to be treated as Borrowings of any member of the Group under any other paragraph of this definition if they would be so treated (in accordance with United Kingdom generally accepted accounting principles) in a consolidated balance sheet of the Group; and
- (H) the aggregate amount of any convertible capital bonds of any member of the Group to the extent that they are treated as indebtedness in the latest published audited consolidated balance sheet of the Issuer.

“Finance Lease” means any lease, which would, in accordance with GAAP in force as at the date of this agreement, be treated as a balance sheet liability;

“Investments” means at any time the aggregate of:

- (A) cash at bank and in hand;
- (B) amounts represented by United Kingdom certificates of tax deposit;
- (C) deposits with building societies;
- (D) deposits (including, for the avoidance of doubt, certificates of deposit) and commercial paper with a rating from Standard & Poor’s Corporation of at least A-1 or the equivalent thereof or from Moody’s Investors Services, Inc. of at least P-1 or the equivalent thereof, in each case for a term not exceeding 12 months;
- (E) the lower of the redemption price and market value of debt securities issued by the Government of the United Kingdom or United States Treasury Bonds in each case with a maturity of no greater than 365 days after the date of acquisition; and
- (F) any investment in liquidity funds which have a credit rating of at least AAA from Standard & Poor’s Corporation or an equivalent rating from any other independent credit rating agency;

“Net Borrowings” means Borrowings less Investments;

“Secured Borrowings” means Borrowings on the security of any mortgage or charge or other security over any assets of a member of the Group; and

“Subsidiary” means a subsidiary as defined in section 1159 of the Companies Act 2006.

4. Interest

The Notes bear interest from and including the Issue Date at 2.375 per cent. per annum (the “**Rate of Interest**”), payable annually in arrear on 11 October each year (each an “**Interest Payment Date**”), the first such Interest Payment Date being on 11 October 2018. Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue as provided in the Trust Deed (before or after any judgment) at the Rate of Interest to but excluding the date on which payment in full of the principal thereof is made.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Interest in respect of any Note shall be calculated per £1,000 in principal amount of the Notes (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any Interest Period shall be calculated by applying the Rate of Interest to the Calculation Amount and multiplying such sum by the Day Count Fraction and rounding the resultant figure to the nearest cent, with half a cent being rounded upwards.

In these Conditions:

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest:

- (A) if the Accrual Period is equal to or shorter than the Determination Period during which it ends, the number of days in the Accrual Period divided by the number of days in such Determination Period; and
- (B) if the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (i) the number of days in such Accrual Period falling in the Determination Period in which it begins divided by the number of days in such Determination Period; and
 - (ii) the number of days in such Accrual Period falling in the next Determination Period divided by the number of days in such Determination Period,

where:

“**Accrual Period**” means the relevant period for which interest is to be calculated (from and including the first such day to but excluding the last); and

“**Determination Period**” means the period from and including 11 October in any year to but excluding the next 11 October.

5. Redemption and Purchase

5.1 Final redemption

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed by the Issuer at 100 per cent. of their principal amount outstanding together with accrued interest on 11 October 2029 (the “**Maturity Date**”). The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 5.

5.2 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 15 (which notice shall be irrevocable) at 100 per cent. of their aggregate principal amount outstanding, together with interest accrued to the date fixed for redemption but otherwise without premium or penalty, if:

- (A) immediately prior to the giving of such notice the Issuer has or will on the next Interest Payment Date become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, or clarification of the laws, treaties, protocols, rulings or regulations of the Relevant Jurisdiction (as defined in Condition 7), or any change in the published application or official interpretation of such laws, treaties, protocols, rulings or regulations and including the decision of any court governmental agency or tribunal, which change or amendment is announced, enacted or becomes effective on or after the Issue Date; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee:

- (i) a certificate executed by two directors of the Issuer (“**Directors**”) (the “**Directors’ Certificate**”) stating that the requirements or circumstances referred to above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures to avoid it and the Trustee shall be entitled without further investigation or enquiry to accept such Directors’ Certificate as sufficient evidence of the satisfaction of the conditions precedent set out in sub-paragraphs (A) and (B) above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders; and
- (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment or clarification.

All Notes in respect of which any such notice of redemption is given under and in accordance with this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.

5.3 Redemption at the option of the Issuer

The Issuer may, at any time on giving:

- (i) not less than 15 nor more than 30 days' notice to Noteholders in accordance with Condition 15; and
- (ii) notice to the Trustee and the Principal Paying Agent not less than 15 days before the giving of the notice referred to in (i),

(which notices shall be irrevocable and shall specify the date fixed for redemption (each an "**Optional Redemption Date**")), redeem the Notes, in whole or in part, at their Redemption Amount.

Prior to giving any notice of redemption under this Condition, the Issuer shall provide to the Trustee a certificate signed by two Directors that it will have the funds, not subject to any interest of any other person, required to redeem the Notes as aforesaid on the relevant redemption date.

Any notice of redemption given under this Condition 5.3 will override any notice of redemption given (whether previously, on the same date or subsequently) under Condition 5.2.

In the case of a partial redemption of Notes, the Notes to be redeemed (the "**Redeemed Notes**") will be selected individually by lot, not more than 30 days prior to the date fixed for redemption. A list of serial numbers of such Redeemed Notes will be published in accordance with Condition 15 not less than 15 days prior the date fixed for redemption. Each notice will specify the date fixed for redemption and the aggregate principal amount of the Notes to be redeemed, the serial numbers of the Notes called for redemption, the serial numbers of Notes previously called for redemption and not presented for payment and the aggregate principal amount of the Notes which will be outstanding after the partial redemption.

For the purposes of this Condition:

"**Gross Redemption Yield**" on the Notes and on the Reference Bond will be expressed as a percentage and will be calculated on the basis indicated by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields" page 4, Section one: Price/Yield Formulae "Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published 8 June 1998) or on such other basis as the Trustee may approve;

"**Redemption Amount**" means an amount equal to the principal amount of the relevant Notes to be redeemed multiplied by the Redemption Percentage (rounding the resulting

figure to the nearest penny, half a penny being rounded upwards), together with interest accrued on the relevant Notes to but excluding the date of redemption;

“Redemption Percentage” means the greater of:

- (A) 100 per cent.; and
- (B) that price (expressed as a percentage) (as reported in writing to the Issuer and the Trustee by a financial adviser nominated by the Issuer and approved by the Trustee) (and rounded to three decimal places (0.0005 being rounded upwards)) at which the Gross Redemption Yield (determined by reference to the mid-market price) on the Notes on the Requisite Date is equal to the Redemption Rate;

“Redemption Rate” means the sum of the Reference Bond Redemption Rate and 0.15 per cent.;

“Reference Bond” means the 6.000 per cent. Treasury Stock due December 2028, or if such stock is no longer in issue such other U.K. government stock as the Trustee (with the advice of an investment bank as may be approved by the Trustee) and the Issuer may determine (failing such determination, as determined by the Trustee with such advice) to be a benchmark bond, the duration of which most closely matches the then duration of the Notes, as calculated by or on behalf of the Trustee;

“Reference Bond Redemption Rate” means the Gross Redemption Yield (determined by reference to the mid-market price) of the Reference Bond provided that, if for any reason the Reference Bond Redemption Rate is not capable of determination as aforesaid, then the Reference Bond Redemption Rate shall be such rate as shall be determined by a financial adviser (nominated by the Issuer and approved by the Trustee) to be appropriate; and

“Requisite Date” means the date which is two business days prior to the publication or dispatch of the notice of redemption under this Condition.

5.4 Redemption at the option of the Holders

If at any time while any of the Notes remains outstanding a Restructuring Event is deemed to occur and within the Restructuring Period:

- (A) (if at the time that Restructuring Event is deemed to have occurred there are Rated Securities or the Issuer has a corporate Rating) a Rating Downgrade in respect of that Restructuring Event occurs or is deemed to occur and such Rating Downgrade has not been cured prior to the expiry of the Restructuring Period; or
- (B) (if at such time there are no Rated Securities and the Issuer does not have a corporate Rating) a Negative Rating Event in respect of that Restructuring Event is deemed to occur,

(such Restructuring Event and, where applicable, Rating Downgrade or Negative Rating Event, as the case may be, occurring within the Restructuring Period and, in the case of a

Rating Downgrade, not having been cured prior to the expiry of the Restructuring Period, together called a Put Event) the holder of each Note will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives any of the notices referred to in Condition 5.2 or 5.3 in respect of the Note) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Optional Redemption Date (as defined below) at its principal amount (the Optional Redemption Amount) together with (or, where purchased, together with an amount equal to) interest accrued to but excluding the Optional Redemption Date.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders the Trustee shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice (a "**Put Event Notice**") to the Noteholders in accordance with Condition 15 and to the Paying Agents specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition.

To exercise the option to require redemption or, as the case may be, purchase of a Note under this Condition, the holder of the Note must deliver such Note, on any business day (in the place of the specified office of the Paying Agent at which the Note is delivered) falling within the period (the "**Put Period**") of 30 days after a Put Event Notice is given, at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "**Put Notice**") and in which the holder may specify a bank account to which payment is to be made under this Condition. The Notes should be delivered together with all Coupons appertaining thereto maturing after the date (the "**Optional Redemption Date**") seven days after the expiry of the Put Period, failing which the face amount of any missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the face amount of such missing unmatured Coupons which the sum of principal so paid bears to the total principal amount due) shall be deducted from the sum due for payment. Each amount of principal so deducted shall be paid in the manner mentioned in Condition 6 against surrender (or, in the case of part payment only, endorsement) of the relevant missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 9) or, if later, five years from the date on which the Coupon would have become due, but not thereafter.

The Paying Agent to which such Note, Put Notice and Coupons (if any) are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specifies a bank account in the Put Notice to which payment is to be made, on the Optional Redemption Date by transfer to that bank account and, in every other case, on or after the Optional Redemption Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. For the purposes of these Conditions and the Trust Deed, receipts issued pursuant to this Condition shall be treated as if they were Notes. The Issuer shall redeem or, at the option of the Issuer, purchase (or procure the purchase of) the relevant Notes on the Optional Redemption Date unless previously redeemed or purchased. Any Put Notice, once given, shall be irrevocable

except where prior to the Optional Redemption Date an Event of Default shall have occurred and the Trustee shall have accelerated the Notes, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Put Notice and instead to treat its Notes as being forthwith due and payable pursuant to Condition 8.

If 90 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 5.4, the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days' after the Optional Redemption Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

If the rating designations employed by any of Moody's, Fitch or S&P are changed from those which are described in the definition of "Rating Downgrade" below, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine, with the agreement of the Trustee, the rating designations of Moody's, Fitch or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's, Fitch or S&P and this Condition 5.4 shall be construed accordingly.

For the purposes of this Condition:

A "**Negative Rating Event**" shall be deemed to have occurred if (i) the Issuer does not on or before the 21st day after the relevant Restructuring Event, seek, and thereafter throughout the Restructuring Period use all reasonable endeavours to obtain, a Rating of the Notes or a corporate Rating or at the Issuer's sole discretion a Rating of any Relevant Debt or (ii) if it does so seek and use such endeavours, it has not at the expiry of the Restructuring Period and as a result of such Restructuring Event obtained such a Rating of at least investment grade (BBB- (in the case of S&P), Baa3 (in the case of Moody's) or BBB- (in the case of Fitch), or their respective equivalents for the time being), provided that a Negative Rating Event shall be deemed not to have occurred in respect of a particular Restructuring Event if (i) two Directors certify to the Trustee that they have used all reasonable endeavours to obtain an investment grade Rating of the Notes, the Issuer or any Relevant Debt within the Restructuring Period and the failure so to obtain such a Rating is, in their opinion, unconnected with the Restructuring Event; and (ii) the Rating Agency declining to assign a Rating of at least investment grade (as defined above) does not announce or publicly confirm or, having been so requested by the Issuer, inform the Issuer or the Trustee in writing that its declining to assign a Rating of at least investment grade was the result, in whole or in part, of the applicable Restructuring Event (whether or not the Restructuring Event shall have occurred at the time such investment grade rating is declined);

"**Rated Securities**" means the Notes so long as they shall have an effective Rating and otherwise any Relevant Debt which has a Rating;

"**Rating**" means a rating provided by a Rating Agency at the invitation of the Issuer.

"**Rating Agency**" means Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. and its successors (S&P) or Moody's Investors Service, Inc. and its

successors (Moody's) or Fitch Ratings Ltd and its successors (Fitch) or any other rating agency of equivalent standing specified by the Issuer from time to time in writing to the Trustee (a Substitute Rating Agency);

A **"Rating Downgrade"** shall be deemed to have occurred in respect of a Restructuring Event if the then current Rating of the Notes or any Relevant Debt or corporate Rating of the Issuer (i) is withdrawn and is not within the Restructuring Period replaced by a Rating of the relevant Rating Agency or of another Rating Agency at least equivalent to that which was current immediately before the occurrence of the Restructuring Event or (ii) is reduced from an investment grade rating (BBB- (in the case of S&P), Baa3 (in the case of Moody's) or BBB- (in the case of Fitch) (or their respective equivalents for the time being) or better) to a non-investment grade rating (BB+ (in the case of S&P), Ba1 (in the case of Moody's) or BB+ (in the case of Fitch) (or their respective equivalents for the time being) or worse) (a **"Non-Investment Grade Rating"** or (iii) (if the relevant Rating Agency shall have already given a Non-Investment Grade Rating for the Rated Securities, or if there are no Rated Securities and the Issuer has a corporate Rating which is a Non-Investment Grade Rating) is lowered one full rating category (from BB+ to BB or such similar lowering or equivalent ratings); provided that a Rating Downgrade otherwise arising by virtue of a particular reduction or withdrawal in Rating shall be deemed not to have occurred in respect of a particular Restructuring Event if (A) two Directors certify to the Trustee that the withdrawal or reduction in the Rating is, in their opinion, unconnected with the Restructuring Event and (B) the Rating Agency making the withdrawal or reduction or lowering in Rating to which this definition would otherwise apply does not announce or publicly confirm or, having been so requested by the Issuer, inform the Issuer or the Trustee in writing that the withdrawal, reduction or lowering was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Restructuring Event (whether or not the applicable Restructuring Event shall have occurred at the time of the Rating Downgrade);

"Relevant Announcement Date" means the earlier of (i) the date of the first public announcement of the relevant Restructuring Event and (ii) the date of the earliest Relevant Potential Restructuring Event Announcement (if any);

"Relevant Debt" means any unsecured and unsubordinated debt securities of the Issuer (or any Subsidiary of the Issuer which is guaranteed on an unsecured and unsubordinated basis by the Issuer) having an initial maturity of five years or more;

"Relevant Potential Restructuring Event Announcement" means any public announcement or statement by or on behalf of the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Restructuring Event where within 180 days' following the date of such announcement or statement, a Restructuring Event occurs;

A **"Restructuring Event"** shall be deemed to have occurred at each time (whether or not approved by the Board of Directors) that any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer, or any persons acting on behalf of any such persons(s), at any time is/are or become(s) interested (within the

meaning of Part 22 of the Companies Act 2006) in (i) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (ii) such number of shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer; and

“Restructuring Period” means the period commencing on the Relevant Announcement Date and ending 180 days after the public announcement of the Restructuring Event.

The Trust Deed provides that the Trustee is under no obligation to ascertain whether a Restructuring Event, a Negative Rating Event, a Rating Downgrade or any event which could lead to the occurrence of or could constitute a Restructuring Event has occurred and until it shall have actual knowledge or express notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Restructuring Event, Negative Rating Event, Rating Downgrade or other such event has occurred.

5.5 Purchase

The Issuer and any Subsidiaries of the Issuer may at any time purchase Notes (provided that all unmatured Coupons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. The Notes so purchased, while held on or behalf of the Issuer or any of its Subsidiaries, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of, *inter alia*, calculating quorums at meetings of the Noteholders or for the purposes of Conditions 8 or 11.

5.6 Cancellation

All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Principal Paying Agent and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes and Coupons shall be discharged.

6. Payments

6.1 Method of Payment

Payments of principal and interest or, in the case of Condition 5.4, if applicable, purchase price in respect of any of the Notes, will be made against presentation and surrender (or, in the case of part payment only, endorsement) of Notes or in the case of payments of interest due on an Interest Payment Date against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, at the specified office of any of the Paying Agents. Such payments will be made, at the option of the payee, by a Pounds Sterling cheque drawn on, or by transfer to a Pounds Sterling account maintained by the payee with, a bank in London.

Each Note shall be presented for payment together with all relative unmatured Coupons, failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date in respect of the relevant Note (whether or not the relevant Coupon would otherwise have become void pursuant to Condition 9). If any Note is presented for redemption without all unmatured Coupons appertaining to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

6.2 Payments subject to fiscal laws

All payments in respect of the Notes are subject in all cases to: (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7; and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto and the Issuer will not be liable to Noteholders for any taxes or duties of whatever nature imposed or levied by such laws, agreements or regulations.

6.3 Payments on business days

A Note may only be presented for payment on a day which is a business day. If the due date for any payment of principal, premium (if any) or interest under this Condition 6 is not a business day, the Holder of a Note shall not be entitled to payment of the amount due until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

6.4 Paying Agents

The initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right to vary or terminate the appointment of all or any of the Paying Agents at any time (with the written approval of the Trustee) and appoint additional or other payment agents, provided that the Issuer will at all times maintain (a) a Principal Paying Agent, (b) a Paying Agent in a jurisdiction in Europe other than the jurisdiction in which the Issuer is incorporated, and (c) such other agents as may be required by any stock exchange on which the Notes may be listed, in each case, as approved by the Trustee. Notice of any such change will be provided to Noteholders as described in Condition 15.

In acting under the Paying Agency Agreement and in connection with the Notes, the Paying Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

In these Conditions, “business day” means any day (other than a Saturday or a Sunday) on which banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits):

- (A) (in the case of this Condition 6) in the place where such Note or Coupon is presented for payment; or
- (B) in any other case, in London.

7. Taxation

7.1 Payment without withholding

All payments of principal and interest or, in the case of Condition 5.4, if applicable, purchase price in respect of any of the Notes and the Coupons by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature (“**Taxes**”) imposed, levied, collected, withheld or assessed by, within or on behalf of the Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amount so as to result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:

- (A) presented for payment by or on behalf of a Holder which is (i) liable to Taxes in respect of such Note or Coupon by reason of its (or its beneficial owners) having some connection with the Relevant Jurisdiction other than the mere holding of such Note or Coupon or (ii) able to avoid such deduction or withholding by making a declaration of non-residence or other similar claim; or
- (B) where (in the case of a payment of principal or interest on redemption or at maturity) such Note or Coupon is surrendered for payment more than 30 days after the Relevant Date (as defined in Condition 7.2 below) except to the extent that the relevant holder would have been entitled to such additional amounts if it had surrendered the relevant Note or Coupon on the last day of such period of 30 days; or
- (C) any combination of the above.

In these Conditions, “**Relevant Jurisdiction**” means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or in any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which payments made by the Issuer of principal, premium or interest on the Notes become generally subject.

7.2 Relevant Date

In these Conditions, “**Relevant Date**” means whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been

received for the account of the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders by the Issuer in accordance with Condition 15.

7.3 Additional amounts

Any reference in these Conditions to principal, premium or interest shall be deemed to include any additional amounts in respect of principal, premium or interest (as the case may be) which may be payable under this Condition 7 or any undertaking given in addition to or in substitution for it under the Trust Deed and includes any purchase price under Condition 5.4.

8. Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth of the aggregate principal amount of the Notes then outstanding, or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice in writing to the Issuer that the Notes are, and the Notes shall thereupon immediately become, due and repayable at their principal amount outstanding together with accrued interest (if any) as provided in the Trust Deed if any of the following events (each an “**Event of Default**”) shall occur and provided that, in the case of each of the events described in paragraphs (C) to (H) only, the Trustee has certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Holders:

- (A) if default is made in the payment of any principal or premium or, in the case of Condition 5.4, if applicable, purchase price in respect of any of the Notes and such default continues for a period of seven days or more;
- (B) if default is made in the payment of any interest due on the Notes or any of them and such default continues for a period of 14 days or more;
- (C) if the Issuer fails to perform or observe any of its other obligations under the Notes or the Trust Deed and (except where the Trustee considers such failure to be incapable of remedy when no such continuation and notice as is hereinafter mentioned will be required) such failure continues for the period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied;
- (D) if any loan or other indebtedness for borrowed money of the Issuer or any Principal Subsidiary in an aggregate principal amount of not less than £20,000,000 (or its equivalent in any other currency) becomes due and repayable prematurely by reason of an event of default (howsoever described) in relation thereto or the Issuer or any Principal Subsidiary fails to make any payment of an amount of not less than £20,000,000 (or its equivalent in any other currency) in respect thereof on the due date for such payment as extended by any applicable grace period (as provided for in the document evidencing such indebtedness) or if any guarantee or indemnity given by the Issuer or any Principal Subsidiary in respect of any loan or other indebtedness for borrowed money in an amount of not less than £20,000,000 (or

its equivalent in any other currency) is not honoured when due and called upon or if the security for any such first-mentioned loan or other indebtedness for borrowed money or any such guarantee or indemnity becomes enforceable and steps are taken to enforce the same; or

- (E) if any order shall be made by any competent court or resolution passed for the winding up or dissolution of the Issuer, save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms approved by the Trustee; or
- (F) if any order shall be made by any competent court or a resolution passed for the winding up or dissolution of a Principal Subsidiary, save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement (not involving or arising out of the insolvency of such Principal Subsidiary) under which all the assets of the Principal Subsidiary are transferred to the Issuer or any of the other Subsidiaries or the terms of which have been approved by the Trustee; or
- (G) if the Issuer or any Principal Subsidiary shall cease to carry on the whole or a substantial part of its business, save in the case of a Principal Subsidiary for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangements (not involving or arising out of the insolvency of such Principal Subsidiary) under which all the assets of the Principal Subsidiary are transferred to the Issuer or any of the other Subsidiaries or the terms of which have been approved by the Trustee, or if the Issuer or any Principal Subsidiary shall suspend payment of its debts generally or shall be unable to, or shall admit inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent by any competent court, or shall enter into any composition or other similar arrangement with its creditors generally; or
- (H) if an administrative or other receiver, or an administrator or other similar official, shall be appointed in relation to the Issuer or any Principal Subsidiary or in relation to the whole or a substantial part of the assets of any of them or a distress, execution or other process shall be levied or enforced upon or sued out against, or an encumbrancer shall take possession of, the whole or a substantial part of the assets of any of them and in any of the foregoing cases it or he shall not be discharged within 14 days.

For the purposes of this Condition, a “**Principal Subsidiary**” means a Subsidiary the book value of whose tangible assets (as shown by the then most recent audited balance sheet of such Subsidiary and attributable to the Issuer) constitutes five per cent. or more of the book value of the tangible assets of the Issuer and the Subsidiaries (as shown by the then most recent audited consolidated balance sheet of the Issuer and the Subsidiaries) provided that, if a Subsidiary itself has subsidiaries and produces in respect of any year an audited consolidated balance sheet of such Subsidiary and its subsidiaries, the reference above to tangible assets of such Subsidiary shall be construed as a reference to tangible assets of such Subsidiary and its consolidated subsidiaries and the reference to the then most recent audited balance sheet of such Subsidiary shall be construed as a reference to

the then most recent audited consolidated balance sheet of such Subsidiary and its consolidated subsidiaries (all as more particularly described in the Trust Deed).

A report by two Directors whether or not addressed to the Trustee that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

9. Prescription

Claims for the payment of principal, premium (if any) and interest in respect of any Note and Coupon shall be prescribed and become void unless made within 10 years (for claims for the payment of principal or premium (if any)) or five years (for claims for the payment of interest) of the appropriate Relevant Date.

10. Replacement of Notes and Coupons

If a Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Principal Paying Agent or such other Paying Agent as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Coupons or further Coupons) and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

11. Meetings of Noteholders, Modification and Waiver and Substitution

11.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including any modification of, or any arrangement in respect of, the Notes or the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented except that at any meeting, the business of which includes the modification of certain of these Terms and Conditions and certain provisions of the Trust Deed (as more particularly by described in the Trust Deed), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than three-quarters, or at any adjourned such meeting not less than a clear majority, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of Noteholders will be

binding on all Noteholders, whether or not they are present at the meeting and whether or not they vote in favour, and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than three-quarters in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

11.2 Modification and Waiver

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of the Notes, the Trust Deed or the Paying Agency Agreement which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or (except as mentioned in the Trust Deed) in the opinion of the Trustee is not materially prejudicial to the interests of the Noteholders. The Trustee may also waive or authorise or agree to the waiving or authorising of any breach or proposed breach of any of the provisions of the Notes or the Trust Deed, which is the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, waiver, authorisation or determination shall be subject to such conditions as the Trustee may determine and shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, shall be promptly notified to the Noteholders by the Issuer in accordance with Condition 15.

11.3 Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders (i) to the substitution of a wholly-owned Subsidiary in place of the Issuer as principal debtor under the Trust Deed, the Notes and the Coupons subject to the Issuer unconditionally and irrevocably guaranteeing that Subsidiary's obligations as such principal debtor by a document in such form and substance as the Trustee may require and/or (ii) to the substitution of any successor company (as defined in the Trust Deed) of the Issuer in place of the Issuer.

11.4 Entitlement of the Trustee

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in

respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 and/or any undertaking given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

12. Enforcement

At any time, the Trustee may, at its discretion and without further notice, institute such proceedings or take such steps or actions against the Issuer as it may think fit to enforce the terms of the Trust Deed and/or the Notes and/or the Coupons, but it need not take any such proceedings and nor shall the Trustee be bound to take, or omit to take any action, step or action (including instituting such proceedings, steps or actions) under or pursuant to the Trust Deed unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one fifth in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

13. Indemnification and Removal of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability including provisions relieving it from taking proceedings or any other steps or actions unless indemnified and/or secured and/or prefunded to its satisfaction, and to be paid its costs and expenses in priority to any claims of Noteholders. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee's responsibilities are solely those of trustee for the Noteholders on the terms of the Trust Deed. Accordingly, the Trustee makes no representations and assumes no responsibility for the validity or enforceability of the Notes or for the performance by the Issuer of its obligations under or in respect of the Notes and the Trust Deed. The Trustee

is entitled to assume that the Issuer is performing all of its obligations pursuant to the Notes and the Trust Deed (and shall have no liability for doing so) until it has actual knowledge or express notice in writing to the contrary.

The Trustee may rely without liability to Noteholders on any certificate or report prepared by Auditors, accountants or any other expert pursuant to the Trust Deed, whether or not addressed to the Trustee and whether or not the Auditors', accountants' or expert's liability in respect thereof is limited by a monetary cap or otherwise. The Trust Deed provides that the Noteholders shall together have the power, exercisable by Extraordinary Resolution, to remove the Trustee (or any successor trustee or additional trustees) provided that the removal of the Trustee or any other trustee shall not become effective unless there remains a trustee in office after such removal.

14. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or Couponholders, create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest, the date of issue and the amount of principal) and so that such further issue shall be consolidated and form a single series with the outstanding Notes.

Any such other securities shall be constituted by a deed supplemental to the Trust Deed. Application will be made by the Issuer for such further securities to be listed and admitted to trading on the stock exchange on which the Notes are from time to time listed or quoted.

The Trust Deed contains provisions for convening a single meeting of the Noteholders for the holders of securities of other series where the Trustee so decides.

15. Notices

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London or such other English language daily newspaper with general circulation in Europe as the Trustee may approve. It is expected that publication will normally be made in the Financial Times. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or the relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

16. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in

which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each recipient, on the written demand of such recipient addressed to the Issuer and delivered to the Issuer, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such recipient may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any Noteholder or any other person and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under the Trust Deed and/or the Notes or any other judgment or order.

17. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 except and to the extent, if any, that the Notes expressly provide for such Act to apply to any of their terms.

18. Governing Law

The Trust Deed, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and/or the Coupons are governed by, and shall be construed in accordance with, English law.

19. Submission to Jurisdiction

The Issuer agrees, for the benefit of the Trustee and the Noteholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes or the Coupons) and accordingly submits to the exclusive jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee, the Noteholders and the Couponholders may take any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Trust Deed, the Notes or the Coupons (including any Proceedings relating to non-contractual obligations arising out of or in connection with the Trust Deed, the Notes or the Coupons) against the Issuer in any other court of competent jurisdiction and concurrent proceedings in any number of jurisdictions.

Part B
Terms and Conditions of the 2037 Notes

The following is the text of the terms and conditions that, subject to completion and amendment, shall be applicable to the 2037 Notes in definitive form (if issued).

The £400,000,000 2.875 per cent. Notes due 2037 (the “**2037 Notes**”) have identical terms to those of the 2029 Notes, save that:

- (a) the aggregate principal amount of the 2037 Notes issued on the Issue Date will be £400,000,000;
- (b) in relation to Condition 4, the Rate of Interest will be 2.875 per cent. per annum;
- (c) in relation to Condition 5.1, the Maturity Date will be 11 October 2037;
- (d) in relation to Condition 5.3, the Reference Rate means the sum of the Reference Bond Redemption Rate and 0.16 per cent.; and
- (e) in relation to Condition 5.3, the Reference Bond means the 4.250 per cent. Treasury Stock due March 2036, or if such stock is no longer in issue such other U.K. government stock as the Trustee (with the advice of an investment bank as may be approved by the Trustee) and the Issuer may determine (failing such determination, as determined by the Trustee with such advice) to be a benchmark bond, the duration of which most closely matches the then duration of the Notes, as calculated by or on behalf of the Trustee.

OVERVIEW OF THE NOTES WHILE IN GLOBAL FORM

Each Series of Notes will be represented initially by a single temporary global Note in bearer form, without interest coupons (each a “**Temporary Global Note**” and together the “**Temporary Global Notes**”) which will be issued in new global note (“**NGN**”) form. The Temporary Global Notes will be deposited with a common safekeeper (the “**Common Safekeeper**”) for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) on or about the Issue Date. Each Temporary Global Note will be exchangeable on or after 20 November 2017 for a permanent global Note in bearer form, without interest coupons, (each a “**Permanent Global Note**” and together the “**Permanent Global Notes**” and, together with the Temporary Global Notes, the “**Global Notes**”) upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Notes. The Global Notes will be exchangeable for definitive notes with Coupons attached only in the limited circumstances specified therein (the “**Definitive Notes**”).

Notes and Coupons will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code.”

Each Accountholder (as defined below) must look solely to the relevant Clearing System (as defined below) (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note and in relation to certain other rights arising under the Global Notes, subject to and in accordance with the respective rules and procedures of the relevant Clearing System. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and such obligations of the Issuer will be discharged by payment to or to the order of the bearer of such Global Note in respect of each amount so paid.

The Global Notes contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions.

The Notes are intended to be held in a manner which will allow for Eurosystem eligibility.

Depositing the Temporary Global Notes with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

1. Nominal Amount and Exchange

The nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear and/or Clearstream, Luxembourg or any alternative clearing system approved by the Trustee (the “**Alternative Clearing System**”) (each a “**relevant Clearing System**”). The records of each relevant Clearing System shall be conclusive evidence of the nominal amount of Notes represented by the Global Notes and a statement issued by any relevant Clearing System at any time shall be conclusive evidence of the records of that relevant Clearing System at that time.

Interests recorded in the records of the relevant Clearing System in a Temporary Global Note are exchangeable in whole or in part for interests recorded in the records of the relevant Clearing System in the relevant Permanent Global Note on or after a date which is expected to be 20 November 2017 upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Notes.

The Permanent Global Notes will be exchangeable in whole but not in part (free of charge to the holder) for Definitive Notes only if:

- (A) an Event of Default (as set out in the Trust Deed) has occurred; or
- (B) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no Alternative Clearing System is available; or
- (C) the Issuer would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) of the United Kingdom or as a result of a change in the practice of any relevant Clearing System which would not be suffered were the Notes in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee.

Thereupon (in the case of (A) and (B) above) the holder of each Permanent Global Note, acting on the instructions of one or more of the Accountholders (as defined below) or the Trustee, may give notice to the Issuer and (in the case of (C) above) the Issuer may give notice to the Trustee and the Noteholders, of its intention to exchange the relevant Permanent Global Note for Definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of each Permanent Global Note may or, in the case of (C) above, shall surrender the relevant Permanent Global Note to or to the order of the Principal Paying Agent. In exchange for the relevant Permanent Global Note the Issuer will deliver (free of charge to the bearer), or procure the delivery of, an equal aggregate principal amount of Definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the relevant Permanent Global Note), security printed in accordance with any applicable legal, listing authority and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the relevant Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant Definitive Notes.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in minimum denominations of £100,000 and higher integral multiples of £1,000 up to a maximum of £199,000, but will in no circumstances be issued to Noteholders who hold Notes in the relevant Clearing System in amounts that are less than £100,000.

In this Prospectus, “**Exchange Date**” means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (B) or (C) above, in the place in which the relevant Clearing System is located.

2. Payments

On and after 20 November 2017, no payment will be made on either Temporary Global Note unless exchange for an interest in the relevant Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will be made to its holder. The Issuer shall procure that details of each such payment shall be entered pro rata in the records of the relevant Clearing System, and, in the case of payments of principal, the nominal amount of the Notes will be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant Clearing System shall not affect such discharge. Payments of interest on the Temporary Global Notes (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. Calculation of interest

Notwithstanding the provisions of Condition 5 (*Redemption and Purchase*), for so long as all of the Notes are represented by a Global Note, interest shall be calculated on the aggregate principal amount of the Notes represented by such Global Note (and not per £1,000 in principal amount), but otherwise shall be calculated in accordance with Condition 15 (*Notices*).

4. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held in a relevant Clearing System, notices to Noteholders may be given by delivery of the relevant notice to that relevant Clearing System for communication to the relative Accountholders (or otherwise in such manner as the Trustee, the Principal Paying Agent and the relevant Clearing System may approve for this purpose) rather than by publication as required by Condition 15 (*Notices*) provided that, so long as the Notes are admitted to listing or trading on any stock exchange, the requirements of such stock exchange have been complied with. Any such notice shall be deemed to have been given to the Noteholders on the day which is one business day, being a day on which banks are generally open, in Brussels and Luxembourg, after the date on which such notice is delivered to the relevant Clearing System as aforesaid.

5. Accountholders

For so long as any of the Notes are represented by a Global Note and such Global Note is held on behalf of a relevant Clearing System, each person (other than a relevant Clearing System) who is for the time being shown in the records of the relevant Clearing System as the holder of a particular principal amount of such Notes (each an "**Accountholder**") (in which regard any certificate or other document issued by a relevant Clearing System as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to the relevant Clearing System for its share of each payment made to the bearer of the relevant Global Note.

6. Prescription

Claims against the Issuer for payment in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7.2).

7. Cancellation

On cancellation of any Note represented by a Global Note and required by the Conditions of the Notes to be cancelled following its redemption or purchase, the Issuer shall procure that details of such cancellation shall be entered in the records of the relevant Clearing System and, upon such entry being made, the principal amount of the applicable Global Note recorded in the records of the relevant Clearing System shall be reduced by the aggregate principal amount of the Notes so cancelled.

8. Authentication and Effectuation

Each of the Temporary Global Notes and the Permanent Global Notes shall not become valid or enforceable for any purpose unless and until it has been authenticated by or on behalf of the Principal Paying Agent and effectuated by the entity appointed as Common Safekeeper by the relevant Clearing Systems.

9. Euroclear and Clearstream, Luxembourg

Notes represented by a Global Note are transferable in accordance with the rules and procedures for the time being of the relevant Clearing System.

References in the Global Notes to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee in which the Notes are held from time to time.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes (which may include, without limitation, the repurchase or refinancing of existing debt).

DESCRIPTION OF THE ISSUER AND THE GROUP

Background

The legal and commercial name of the Issuer is SEGRO plc. It was incorporated in England and Wales on 19 May 1920 under registration number 00167591 and operates under the Companies Act 1985 and the Companies Act 2006 as amended from time to time as a public limited company. The Issuer is domiciled in the UK and the registered office of the Issuer is Cunard House, 15 Regent Street, London SW1Y 4LR, United Kingdom and the telephone number is +44 (0)20 7451 9100.

The Issuer's ordinary shares are admitted to the premium segment of the Official List and trading on the London Stock Exchange's main market for listed securities. It is headquartered in London and is a member of the FTSE 100 index with a market capitalisation of approximately £5.3 billion. The Issuer became a REIT in the UK on 1 January 2007, allowing the Issuer and its shareholders exemption from tax on income and gains derived from its UK investment property rental business and significantly increased flexibility for asset management.

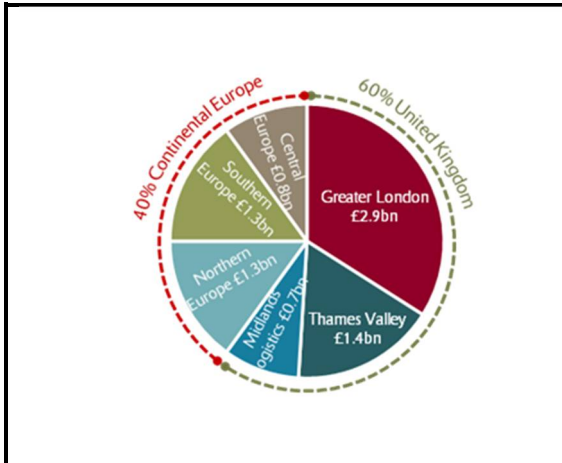
At 9 October 2017 (the latest practicable date prior to the publication of this Prospectus), the Issuer was not aware of any persons who directly or indirectly, jointly or severally, will exercise or could exercise control over the Issuer.

At 9 October 2017 (the latest practicable date prior to the publication of this Prospectus), the Issuer was not aware of any arrangement, the operation of which may at a subsequent date result in a change of control of the Issuer.

Overview of the Group

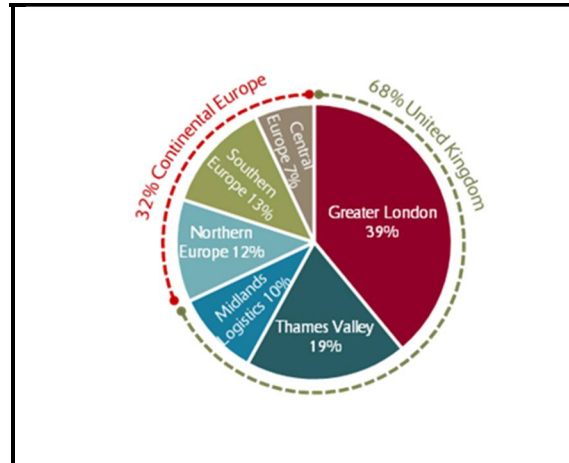
The Group's assets are concentrated in and around major cities and at key transportation hubs in the UK and nine Continental European countries which, the Directors believe, have attractive property market characteristics. The Group owns or manages a property portfolio totalling over six million square metres of space, which was valued at £8.4 billion (£7.3 billion based on the Issuer's wholly-owned assets and its share of assets held within joint ventures) at 30 June 2017. The UK portfolio accounts for 59 per cent. (£5.0 billion) of the value of the overall portfolio and the Continental Europe portfolio accounts for the remaining 41 per cent. (£3.4 billion). At 30 June 2017, 27 per cent. of the Group's portfolio was held within joint ventures.

SEGRO portfolio by location, AUM, 30 June 2017



Source: SEGRO

SEGRO portfolio by location, SEGRO share, 30 June 2017



Source: SEGRO

The Issuer believes that the Group's pan-European portfolio of big box and urban warehouse assets makes it particularly well placed to service its customer base by offering a wide variety of warehouse sizes and locations in and around major cities and along key transport corridors. A number of the Group's largest customers are tenants in more than one of its geographies who occupy both big box and smaller urban warehouses that cater for local, regional, national and international operations. At a time when the nature of retailing is structurally changing from store-based sales to e-commerce, the Issuer considers that the Group's portfolio is well placed to benefit from retailers' needs to create flexibility and extract efficiencies from their supply chains.

The Group's performance on the basis of various key performance indicators has been strong, with an EPRA vacancy rate of 5.5 per cent. at 30 June 2017, approximately a quarter of which is in newly-delivered speculative developments in what the Issuer considers to be some of the most supply-constrained urban and big box warehouse markets in Europe. At 30 June 2017, the portfolio weighted average lease length to break was 7.0 years and to expiry was 8.7 years. The customer retention rate on leases either with a break or expiring in the half year to 30 June 2017 was 92.1 per cent.

The Group's development capability is an important generator of growth. Overall, the Current Development Pipeline totalled 920,400 square metres of new space at 30 June 2017, which the Issuer believes is capable of generating £46 million of annualised gross rental income when fully let, of which 68 per cent. has already been secured through pre-let agreements.

At 30 June 2017, the topped-up initial yield of the portfolio was 5.0 per cent. and the net true equivalent yield was 5.7 per cent. For comparison purposes, at 31 December 2015, the topped-up initial yield and net true equivalent yield were 5.5 per cent and 6.0 per cent respectively and were 5.3 per cent. and 5.9 per cent. respectively at 31 December 2016. The Issuer believes that the improvement reflects the significant strengthening in investor market demand for warehouse assets over the period, as well as the improvement in the quality of the Group's portfolio due to active asset management, development completions and portfolio recycling activity.

Strategy and strengths

The Group's strategy

In April 2011, David Sleath became Chief Executive Officer of the Issuer and, shortly thereafter, in November 2011, the Issuer laid out a strategic plan that aimed to reposition the Issuer as a leading income-focused REIT and the pre-eminent owner-manager of industrial property in Europe. Since then, the Directors have focused their efforts on acquiring and developing the highest quality assets in the strongest locations, actively managing the Group's portfolio (including the portfolios of its joint ventures), maintaining an appropriate capital and corporate structure and driving operational excellence.

The strategic plan in 2011 identified approximately £1.6 billion of non-core assets for disposal, substantially all of which have now been sold, and the proceeds of which have enabled the Group to both reduce leverage and provide funding for new investment in acquisitions and developments in growth areas of the business.

The strategy also outlined plans to seek opportunities to partner with third party capital providers to support the Group's growth and to enhance risk adjusted returns for Shareholders. To this end, in October 2013, the Issuer created the SELP joint venture, partnering with PSP Investments, the Canadian pension fund. SELP was seeded with €1 billion of the Issuer's Continental European big box warehouses and development land. Under the terms of the joint venture, SELP has the right, but not the obligation, to acquire any Continental European big box warehouses which are owned outright by the Issuer, in the event that the Issuer acquires or develops the buildings on a wholly-owned basis.

By 31 December 2016 the Issuer had completed its transformation into a pure-play warehouse REIT as envisioned in the 2011 strategic plan. The culmination of this process in 2016 enabled the Issuer to focus more of its attention on capitalising on what it considers to be the Group's highly attractive development pipeline of warehouse assets.

Fundamental to the Issuer's strategy is a focus on 'Disciplined Capital Allocation' and 'Operational Excellence' underpinned by an 'efficient capital and corporate structure', which is designed to deliver an attractive income-led total property return.

Disciplined Capital Allocation

The Issuer invests in markets and assets which the Issuer believes benefit from structurally high levels of demand and limited supply. Real estate has historically been a cyclical asset class so capital allocation is a dynamic activity and the Issuer seeks to adapt its capital deployment according to its assessment of the property cycle.

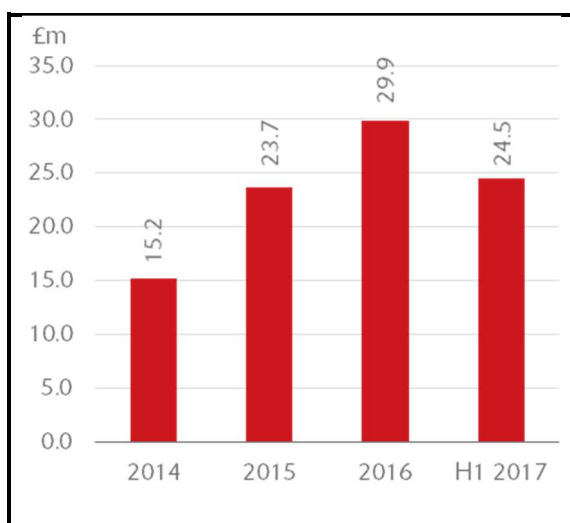
Since 1 January 2012, the Group has sold £3.3 billion of assets (on a proportional consolidated basis), comprised of: (i) land and properties in secondary locations or of poorer quality; (ii) assets which were not industrial in nature, such as those with high office content; and (iii) Continental European big box warehouses which were sold to SELP. The proceeds of these disposals, along with £0.9 billion of proceeds from the equity placing in September 2016 and the rights issue in 2017 (the "**Rights Issue**"), have been deployed into £1.9 billion of asset acquisitions, £1.0 billion of

development capex, and £0.5 billion of land acquisitions, with the balance being used to de-gear the Group's balance sheet.

Operational Excellence

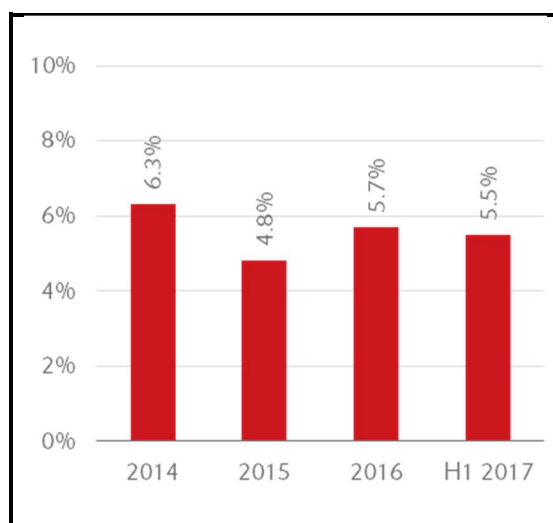
Operational Excellence involves optimising the performance of the Group's portfolio through dedicated customer service, expert asset management, and development and operational efficiency. The Issuer faces competition from other warehouse providers in all of its markets and must therefore ensure that it is well-placed to secure new customers and retain its existing ones on terms which support the Group's return targets.

Rent roll growth, 31 December 2014 to 30 June 2017, £m



Source: SEGRO

Portfolio vacancy rate, 31 December 2014 to 30 June 2017



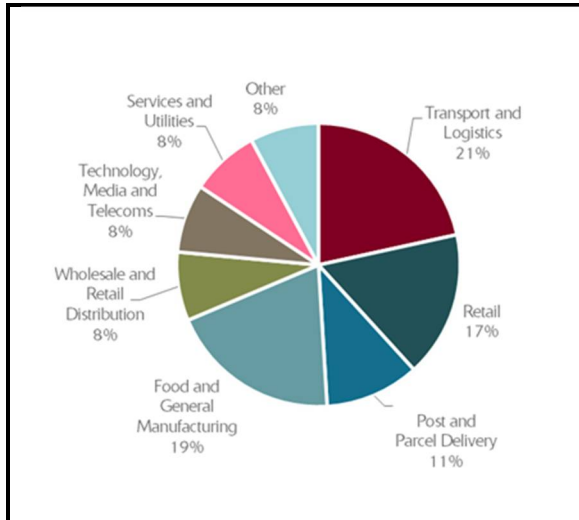
Source: SEGRO

The Issuer believes that vacancy is an important guide to the quality of the portfolio and the success of its asset management. The Issuer targets an EPRA vacancy rate of between 5 and 7 per cent., the range reflecting the influence of the completion of speculative developments and the timing of take-backs of space. The EPRA vacancy rate was 5.5 per cent. at 30 June 2017, having improved from 9.1 per cent. at 31 December 2011 but slightly increased compared to 5.0 per cent. at 30 June 2016, largely due to the completion of speculatively developed big box warehouses in Rugby and the big box warehouse in Magna Park which was taken back in November 2016. Approximately 1.3 per cent. of the EPRA vacancy rate at 30 June 2017 (31 December 2016: 1.6 per cent.) was accounted for by speculative developments.

This Issuer is also focussed on growing the rent roll (based on headline rent, referred to as “**rent roll growth**”) from its portfolio. Growth in the Group's headline rent from standing assets can be achieved through letting up vacant space and improving rents at review (including indexation provisions commonly incorporated in Continental European leases) and renewal, more than offsetting rent lost from taking back space from customers not renewing their lease. Rent roll growth can also be achieved through generating additional headline rent from new development either on a pre-let basis (also known as build-to-suit) or on a speculative basis, letting the space after construction has begun. During the first half of 2017, rent roll growth was £24.5 million; the Group contracted £27.5 million of annualised rental income, 28 per cent. higher than in the previous year,

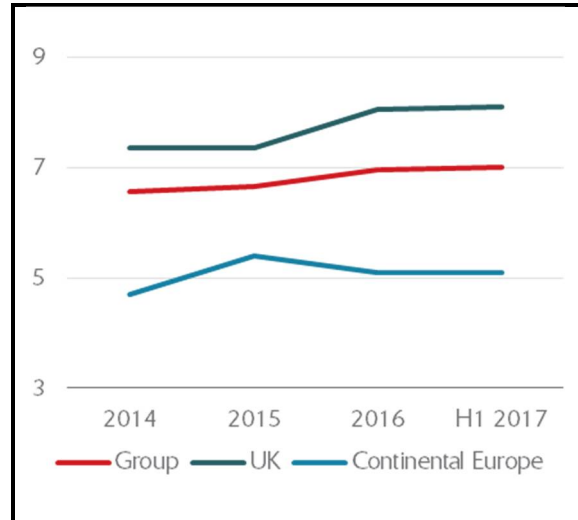
offset by £3.0 million of space returned. During the period up to 30 June 2017, the Group secured an average uplift in headline rent of 11.1 per cent. on rent reviews and renewals across its portfolio. The Issuer believes that these metrics demonstrate the improved quality of the Group’s portfolio as well as the strength of the Group’s asset management capability.

Headline rent by customer type as at 30 June 2017



Source: SEGRO

WAULT to first break (years), 31 December 2014 to 30 June 2017



Source: SEGRO

The Group has a diverse customer base reflecting the multiple uses of warehouse space across its portfolio. The changing nature of retailing means that retailers and logistics companies feature particularly heavily across both big box and urban warehouses. Additionally, the proximity of the Group’s urban warehouse portfolio to major cities means that food manufacturers and data centre users are also an important component. The Group’s top 20 customers are listed below and accounted for 30 per cent. of headline rent at 30 June 2017. The Group’s largest customer, Deutsche Post DHL, generates just under 5 per cent. of headline rent.

The portfolio’s weighted average unexpired lease term (“**WAULT**”) has improved over the past three years to 7.0 years at 30 June 2017, from 6.7 years at 31 December 2014. This reflects the improvement in the quality of the portfolio and the need for long term certainty for many of the Group’s customers, particularly given often heavy investment in fitting out their premises.

Customer (by headline rent)

Customer type

Deutsche Post DHL	Post & Parcel Delivery; Transport & Logistics
Federal Express	Post & Parcel Delivery
Worldwide Flight Services	Transport & Logistics
Royal Mail	Post & Parcel Delivery
British Airways	Other
Sainsburys	Retail
Equinix	Technology, Media and Telecoms

Customer (by headline rent)	Customer type
Tesco	Retail
DSV	Transport & Logistics
Amazon	Retail
Booker Belmont Wholesale	Wholesale & Retail Distribution
Mars	Manufacturing
La Poste / DPD	Post & Parcel Delivery
ID Logistics	Transport & Logistics
Geodis	Transport & Logistics
Wincanton	Transport & Logistics
Hermes	Post & Parcel Delivery
Virtus	Technology, Media and Telecoms
Staples	Retail
Barclays Bank	Services

Efficient capital and corporate structure

In addition to maximising the returns generated by the property portfolio, the Issuer recognises that the Group must be run efficiently to maximise Shareholder return. This principle also extends to the capital structure which must be sufficiently conservative to ensure that it does not detract from the returns otherwise achieved from the Group's portfolio.

Between 31 December 2011 and 30 June 2017, SEGRO shares have generated an annualised total shareholder return (share price change plus dividends distributed) of 23.3 per cent., compared to 13.8 per cent. from the FTSE 350 REIT Index.

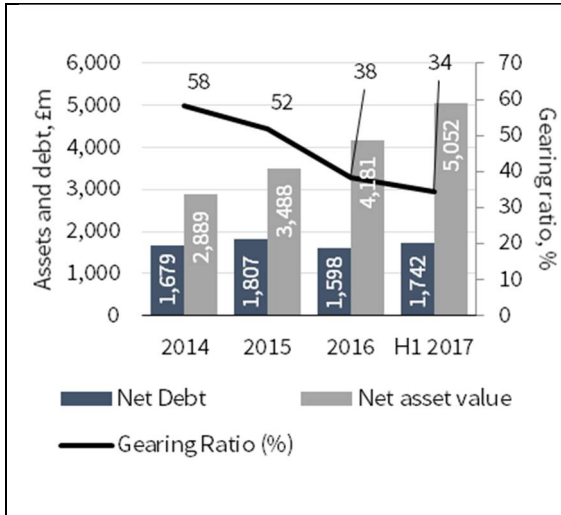
In the first half of 2017, the Group's TCR was 22.9 per cent., which is higher than the Issuer's stated target of 20 per cent. The Issuer believes that the Group's cost base is capable of supporting a larger portfolio than it currently owns and expect the Group's TCR to reduce as it increases its scale position in its major markets, particularly in big box warehousing in the UK and Italy, and in urban warehousing in Germany.

At 30 June 2017, the Group's LTV ratio was 29 per cent., which reflected a decrease from 33 per cent. at 31 December 2016. The improvement was due mainly to the proceeds of the Rights Issue to fund the development pipeline and the improvement in property values during the course of the year. The Issuer believes that an LTV ratio of 40 per cent. is an appropriate level for mid-way through the property investment cycle. The Issuer also believes that at this point in the property investment cycle, (following a few years of positive market conditions), the LTV should be closer to 35 per cent. than 40 per cent., providing a buffer to debt covenant levels should property values decline which would put upwards pressure on the LTV ratio.

The Group's policy is to maintain a Gearing level and an ICR at levels consistent with maintaining an investment grade credit rating. Gearing was 34 per cent. as at 30 June 2017 as compared to

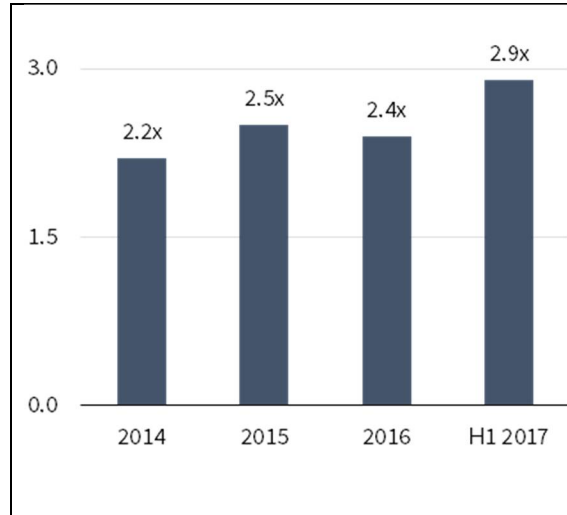
38 per cent. at 31 December 2016, and ICR was at 2.9 times at 30 June 2017 compared to 2.4 times at 31 December 2016. The Group's Gearing ratio (in comparison to net assets and net debt) and ICR by year are shown below.

Net assets, net debt and Gearing ratio, 31 December 2014 to 30 June 2017 (based on wholly-owned assets)



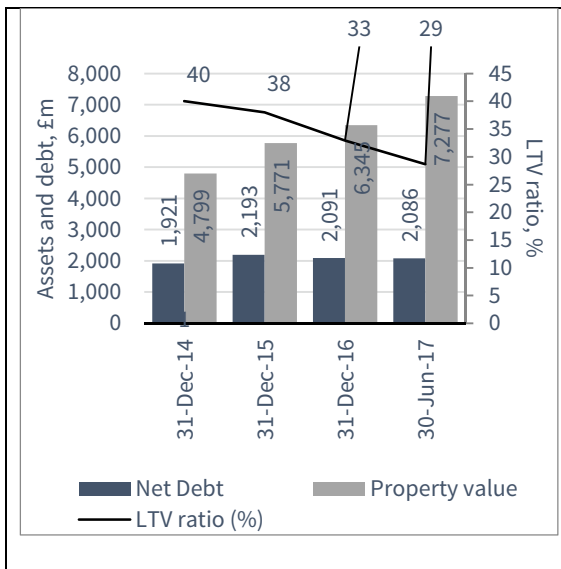
Source: SEGRO

ICR, 2014 to H1 2017 (based on wholly-owned assets)



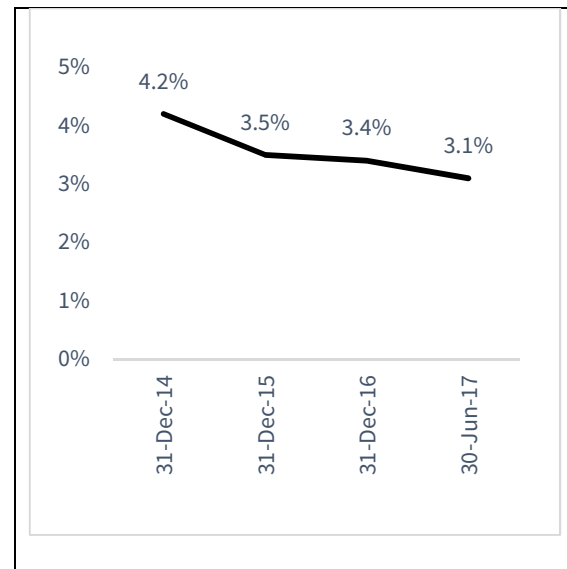
Source: SEGRO

Property assets, net debt and LTV ratio (incl joint ventures at share), 2014-H1 2017



Source: SEGRO

Average cost of debt (incl joint ventures at share), 2014-H1 2017

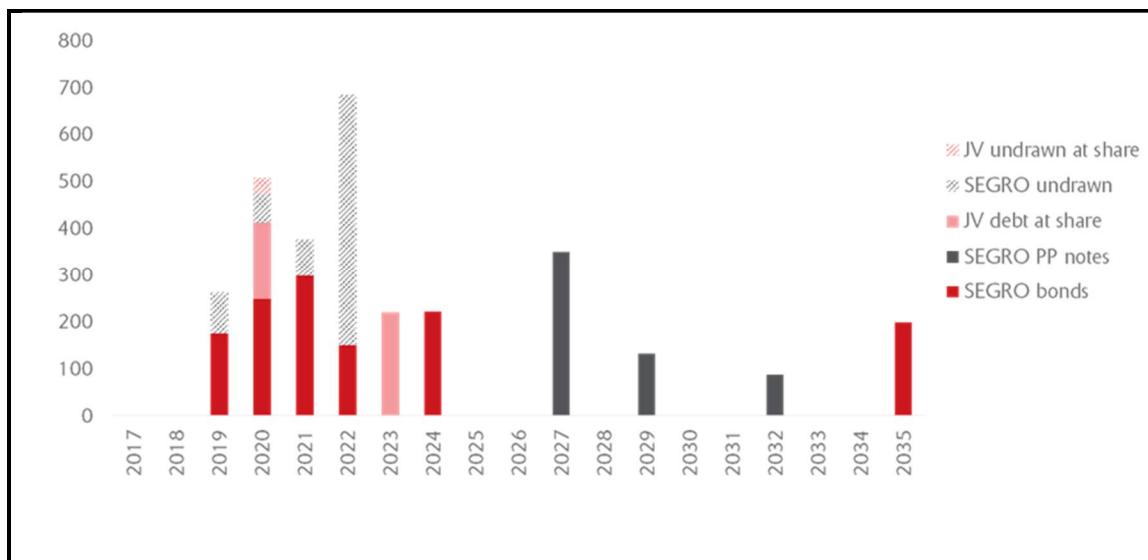


Source: SEGRO

At 30 June 2017, the Group's weighted average debt maturity was 7.8 years (from 6.2 years at 31 December 2016), including its share of joint venture debt, and adjusted for the repayment of the term debt within the Airport Property Partnership ("APP") which occurred in July 2017 (the "APP

Repayment”) and the drawing of private placement debt which occurred in August 2017 (the “Private Placement”). The debt maturity by year is shown below.

Debt maturity by type and year, £ millions (based on 30 June 2017, adjusted for repayment of APP secured debt and drawing of US private placement debt)



Source: SEGRO

As at 30 June 2017, the Group’s weighted average cost of debt was 3.1 per cent. (from 3.4 per cent. at 31 December 2016) adjusted for the APP Repayment and the Private Placement, and 70 per cent. of the net borrowings of the Group (including its share of joint venture debt) were at fixed rates (from 80 per cent. at 31 December 2016).

At 30 June 2017, the Group had £644 million of cash and available facilities.

Competitive strengths

The Issuer believes the key credit strengths of the Group are:

- its ownership of a portfolio of high quality, modern and well-located warehouse assets;
- that it is a FTSE 100 listed owner and manager of both urban and big box warehouses on a pan-European basis;
- that it has a diversified customer base, and is positively exposed to the structural change from physical towards online retailing;
- its track record of profitable development activity with a pipeline of development opportunities on its existing land bank, the majority of which the Issuer expects to deliver within the next five years, with further long-term developments under option;
- its strong financial position; and
- its proven and experienced management team.

Portfolio

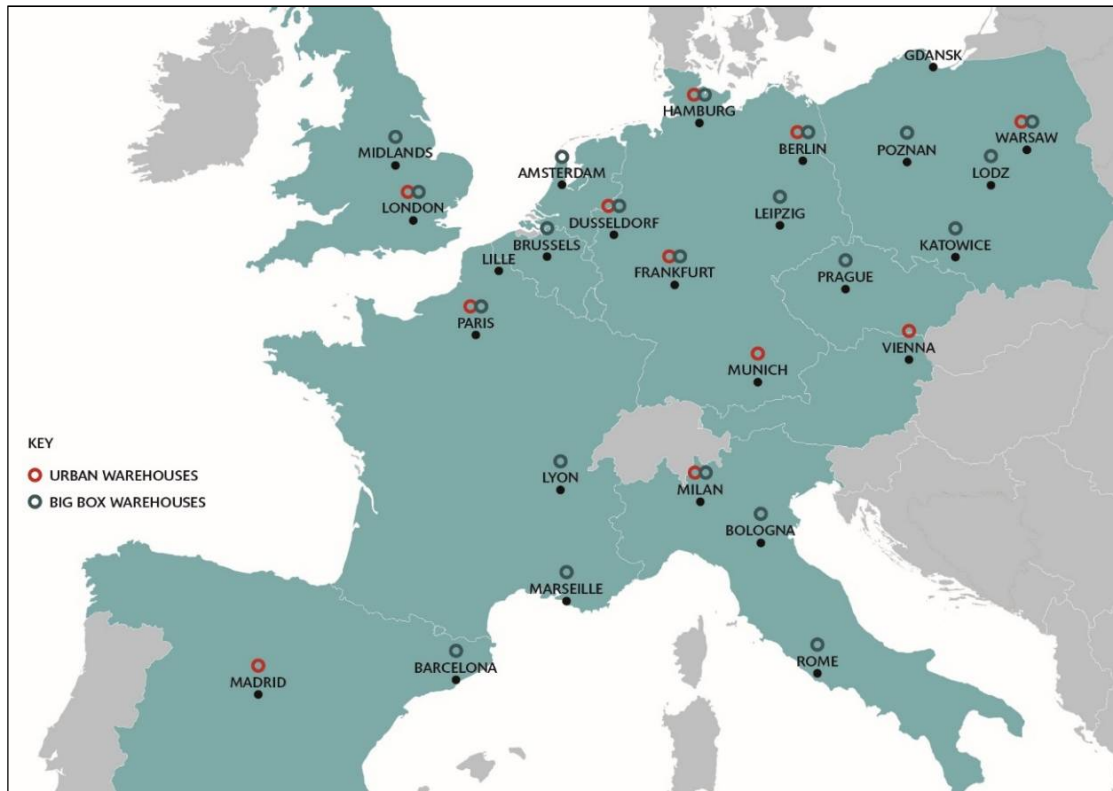
The Issuer manages a portfolio of completed properties totalling over six million square metres of space, buildings under construction and land which was valued at £8.4 billion at 30 June 2017, of which the Issuer owns £6.1 billion outright and owns a 50 per cent. share of £2.3 billion of assets held within a joint venture. On a proportional consolidated basis, the Issuer's portfolio of completed properties totalled £6,396 million and comprised: 39 per cent. (£2,472 million) of large warehouses; 54 per cent. (£3,478 million) of smaller, urban warehouses (including urban warehouses used as data centres); and 7 per cent. (£446 million) of higher value use assets and other uses of industrial land, which include self-storage facilities, car showrooms and offices which are usually situated in high visibility locations on industrial-zoned land.

The portfolio generated passing rent of £318 million at 30 June 2017, with a potential gross rent roll of £384 million after expiry of rent free periods (£25 million) and assuming the portfolio is fully let at rents in line with the valuer's estimated rental value (£41 million). In addition, at 30 June 2017, the Group had buildings in the course of construction valued at £431 million which, once fully let, are capable of generating additional headline rent of £46 million. The Group's land bank for future development is valued at £450 million and capable of generating additional headline rent of £127 million, of which £14 million is from development projects expected to commence within 6 to 12 months of the date of this Prospectus.

The Group owns and manages assets and development land in the UK and nine Continental European countries. At 30 June 2017, the UK portfolio accounted for 59 per cent. (£4,983 million) of the overall portfolio, while Continental Europe accounted for the remaining 41 per cent. (£3,449 million).

The map below shows the main locations of the Issuer's assets.

Main locations of the Issuer's assets



Source: SEGRO

UK investment portfolio

The UK portfolio is managed through two business units, namely: (i) the Greater London business unit, which manages assets in two main clusters of Park Royal and London Airports (mainly around Heathrow Airport), with the remaining properties located mainly in North and East London; and (ii) the Thames Valley and National Logistics business unit, which manages the Slough Trading Estate, the National Logistics big box warehouse portfolio in the Midlands and other assets in South East England including Bracknell, Reading and Basingstoke.

At 30 June 2017, the UK portfolio comprised mainly smaller, urban warehouses (£2,981 million), with £1,237 million of big box warehouses and £401 million of higher value assets (values at 30 June 2017).

The table below provides information regarding space, valuation and vacancy of the Issuer’s UK portfolio at 30 June 2017.

	Lettable area (100%)	Completed	Land & development	Total property portfolio (SEGRO share)	Total property portfolio (AUM)	Net initial yield ¹	Net true equivalent yield ¹	Vacancy (ERV)
	sq m	£m	£m	£m	£m	%	%	%
London Airports	492,670	1,366.6	97.1	1,463.7	1,463.7	4.1	5.4	7.2
Park Royal	426,925	1,069.4	8.7	1,078.1	1,078.1	3.7	4.8	5.6

Rest of Greater London	135,650	262.4	62.7	325.1	325.1	3.5	5.3	10.3
Greater London	1,055,245	2,698.4	168.5	2,866.9	2,866.9	3.9	5.2	7.0
Slough Trading Estate	507,594	1,201.0	64.4	1,265.4	1,265.4	4.6	5.6	4.0
Rest of South East								
England	73,718	99.2	28.1	127.3	127.3	5.8	6.3	3.3
National Logistics	525,474	620.0	103.1	723.1	723.1	4.5	5.7	9.7
Thames Valley and National Logistics	1,106,786	1,920.2	195.6	2,115.8	2,115.8	4.7	5.6	5.9
UK Total	2,162,031	4,618.6	364.1	4,982.7	4,982.7	4.2	5.4	6.5

1 In relation to completed properties only.

Continental European investment portfolio

The Continental European portfolio is managed through three business units, namely: (i) the Northern Europe business unit, which manages assets in Germany, the Netherlands, Belgium and Austria, with operational leadership based in Düsseldorf; (ii) the Southern Europe business unit, which manages assets in France, Italy and Spain, with operational leadership based in Paris, and (iii) the Central Europe business unit manages assets in Poland and the Czech Republic, with operational leadership based in Poznań.

At 30 June 2017, the Continental European portfolio mainly comprised big box warehouses (£1,235 million), with £497 million of smaller, urban warehouses and £45 million of higher value assets.

The table below provides information regarding space, valuation and vacancy of the Issuer's Continental European portfolio at 30 June 2017.

	Lettable area (100%)	Completed	Land & development	Total property portfolio (SEGRO share)	Total property portfolio (AUM)	Net initial yield ¹	Net true equivalent yield ¹	Vacancy (ERV)
	sq m	£m	£m	£m	£m	%	%	%
<i>Germany/Austria</i>	1,167,980	577.5	134.3	711.8	1,091.0	5.2	5.7	2.8
<i>Belgium/Netherlands</i>	298,882	116.6	19.8	136.4	223.6	7.2	7.0	9.9
Northern Europe	1,466,862	694.1	154.1	848.2	1,314.6	5.5	5.9	4.2
<i>France</i>	1,031,648	507.7	109.7	617.4	884.5	6.0	6.5	2.4
<i>Italy/Spain</i>	368,655	157.0	196.1	353.1	427.9	6.1	6.6	0.3
Southern Europe	1,400,303	664.7	305.8	970.5	1,312.4	6.0	6.5	1.9
<i>Poland</i>	1,169,112	372.9	35.5	408.4	709.9	6.5	6.9	4.5
<i>Czech Republic/Hungary</i>	132,534	46.1	21.0	67.1	111.9	5.4	6.9	6.4
Central Europe	1,301,646	419	56.5	475.5	821.8	6.4	6.9	4.7
Continental Europe Total	4,168,811	1,777.8	516.4	2,294.2	3,448.8	5.9	6.4	3.5

1 In relation to completed properties only.

Development properties

The Group also has a substantial land bank which the Issuer believes represents latent potential for future growth, the timing being dependent on their assessment of occupier demand and local supply. At 30 June 2017, the land bank was valued at £881 million.

Land forming part of the land bank valued at £431 million at 30 June 2017 is being developed as part of the Group's Current Development Pipeline. A further £388 million of land relates to development opportunities, most of which (including Near-Term Development Opportunities) the Issuer expects to arise during the course of the five years following the date of this Prospectus.

The map below shows the Issuer's land bank locations.

SEGRO land bank locations



Source: SEGRO

Development track record

Between 1 January 2014 and 30 June 2017, the Group invested £818 million in developments both now completed and still under construction. Over the same period, the Group completed one million square metres of developments, representing an investment in those developments of £561 million. The Issuer believes that, when fully let, these assets are capable of generating £62 million. The developments comprise a mix of developments where a lease was agreed prior to the start of construction (pre-let) and developments which were started without a lease in place (speculative).

Of the 2014 completions, 97 per cent. of the potential rent has been secured, from developments which were 62 per cent. pre-let; in 2015, 100 per cent. of the potential rent has been secured, from developments which were 55 per cent. pre-let; in 2016, 88 per cent. of the potential rent has been

secured, from developments which were 65 per cent. pre-let; and in the first half of 2017, 91 per cent. of the potential rent has been secured, from developments which were 61 per cent. pre-let.

The Issuer believes that the Group's development pipeline provides an important source of both income and capital value growth.

Current Development Pipeline

At 30 June 2017, 920,393 square metres of developments were under construction or expected to commence imminently in relation to the Current Development Pipeline, which the Issuer believes are capable of generating £46 million of annualised gross rental income when fully let, of which 68 per cent. has been secured through pre-let agreements. The Group's development focus, is underpinned by pre-lets and strong occupier demand.

The Issuer estimates that £230.7 million in capital expenditure will be required to complete the Current Development Pipeline and that, once completed and fully let, the developments will generate a yield on cost of approximately 7.7 per cent.

The table below sets out a summary of the Current Development Pipeline split between the UK and Continental Europe and the developments that are wholly-owned by the Group.

	Hectarage (100%) hectares	Space to be built (100%) square metres	Current book value £m	Estimated cost to completion £m	ERV when complete £m	Pre- let (ERV) £m	Estimated yield on cost %
UK – wholly-owned	18.6	89,879	114.0	67.9	12.1	4.1	7.6
Continental Europe – wholly-owned	124.8	632,918	260.5	148.5	29.3	23.6	7.7
Continental Europe – joint ventures	37.8	197,596	56.6	14.3	4.7	3.7	7.9
Total	181.2	920,393	431.1	230.7	46.1	31.4	7.7

Projects related to the ERV of £46.1 million (reflecting a total of £31.4 million from pre-let developments and £14.7 million potential gross rent from speculative developments) in the Current Development Pipeline are scheduled to complete: (i) in the amount of £29.3 million (£21.4 million pre-let, £7.9 million speculative) in the second half of 2017; (ii) in the amount of £12.4 million (£8.0 million pre-let, £4.4 million speculative) in the first half of 2018; (iii) in the amount of £2.4 million (all speculative) in the second half of 2018; and (iv) in the amount of £2.0 million (all pre-let) in the first half of 2019.

At 30 June 2017, the projects in the Current Development Pipeline comprised: 60 per cent. of big box warehouse assets (based in Continental Europe); 14 per cent. of urban warehouses in Continental Europe; 21 per cent. of urban warehouses in the UK; and 5 per cent. of higher value assets (in the UK). In total, 74 per cent. of the projects are located in Continental Europe and 26 per cent. are located in the UK.

Future development projects

In addition to the land banks being utilised as part of the Current Development Pipeline, at 30 June 2017, the Group had strategically located land banks of approximately 610 hectares, for which the Issuer expects most development opportunities (including Near-Term Development Projects) to arise during the course of the five years following the date of this Prospectus and which, in aggregate, the Issuer believes have the potential to develop 2.5 million square metres of buildings. At today's prices, the Issuer estimates that this would entail future potential development expenditure of approximately £1.2 billion and could produce estimated incremental headline rent in the region of £127 million based on market rental levels at 30 June 2017 in the different geographies.

Within this land bank, the Issuer has identified Near-Term Development Projects which are expected to commence within 12 to 18 months of 30 June 2017, subject to final conditions (including planning permissions and finalisation of pre-let agreements) being met. These projects total 243,100 square metres of new warehouse space, capable of generating £14 million of headline rent when fully let, of which approximately £9 million is from potential pre-let agreements.

The Issuer estimates that the capital expenditure of approximately £146 million on Near-Term Development Projects will generate a yield on new money of approximately 10 per cent., as part of projects expected to generate a yield on cost, once complete and fully let, of approximately 7.6 per cent.

The table below shows the Group's land banks at 30 June 2017 (split between the UK and Continental Europe and between development that are within a joint venture and developments that are wholly-owned by the Issuer), as well as the proportion of Near-Term Development Projects within the land bank.

	Hectarage (100%) hectares	Space to be built (100%) square metres	Current book value £m	Estimated cost to completion £m	ERV when complete £m	Estimated yield on cost %
UK – wholly-owned	194.1	706,256	210.8	503.3	52.0	7.3
Continental Europe – wholly-owned	247.0	1,076,990	141.0	573.5	59.7	8.4
Continental Europe – joint ventures	168.5	759,156	36.3	157.4	15.2	7.8
Total	609.6	2,542,402	388.1	1,234.2	126.9	7.8
Of which:						
Near-Term Development Projects	n/a	243,100	n/a	146	14	7.6
Future projects	n/a	2,299,302		1,088.2	112.9	c8%

The potential ERV when complete of £126.9 million is split geographically as follows: 41 per cent in the UK, 18 per cent in Germany, 14 per cent in Italy and Spain, 9 per cent in Poland, 6 per cent in France, 5 per cent in Belgium and the Netherlands, 4 per cent in the Czech Republic and 3 per cent in Austria.

Other land holdings

In addition, at 30 June 2017, the Group owned 160 hectares of land valued at £61 million. Of this, £39 million is a land site which is subject to a conditional agreement to sell to a residential developer. The Issuer expects this transaction to conclude during 2017 or early in 2018. The remaining land has either been identified for development in the longer term or for disposal.

Options over development land

Land sites held under option agreements are not included in the figures above but together represent significant further development opportunities, primarily in the UK, including sites for urban warehousing in East London and for big box warehouses in the Midlands and South East regions of the UK. The options, held on the balance sheet at a value of £19 million (including joint ventures at share), are exercisable in both the short and the longer term: those in the short term are for land capable of supporting just under 750,000 sq m of space and generating £50 million of headline rent for a blended yield of approximately 7 per cent.

Joint ventures

The Group's last remaining joint venture is SELP, which owns a portfolio valued at £2,308 million at 30 June 2017 (of which the Group's share was £1,154 million). The Group established SELP as a strategic joint venture in October 2013 to enable it to build scale in Continental European big box warehousing, thereby: allowing it to extract operating economies of scale from a larger portfolio; improving returns through cost efficiencies and the receipt of a management fee; and reducing the amount of the Group's own capital required to support such a portfolio. The Group acts as asset, property and development manager for SELP and receives fees based on its activity in all three areas.

The Issuer believes that joint ventures should fulfil a strategic purpose, improving the Group's return and capital profile. Since 1 January 2013, the Issuer has closed three former joint ventures in which the Group had an interest in order to obtain full ownership of the underlying property assets: (i) the Logistics Property Partnership joint venture ("LPP"), which owned big box warehouse assets in the UK, was closed in 2014 when the Group acquired its former partner's 50 per cent. interest; (ii) the Heathrow Big Box joint venture ("HBB"), which owned two big box warehouse estates in London, was closed in 2015 with each of the two partners buying one of the two assets within the joint venture; (iii) in March 2017, the Issuer acquired its former partner's 50 per cent interest in the APP which owns a portfolio of properties in the near vicinity of London's main airports of Heathrow, Gatwick and Stansted.

Further acquisitions and disposals

The Group has entered into various other material transactions in recent years, including the sale of the Bath Road office portfolio in 2016 for net proceeds of £321 million, the acquisition of a 90 per cent. interest in Italian logistics developer Vailog in 2015, and development partnerships agreed in 2016 with UK logistics developer Roxhill Developments Group Limited and the Greater London Authority.

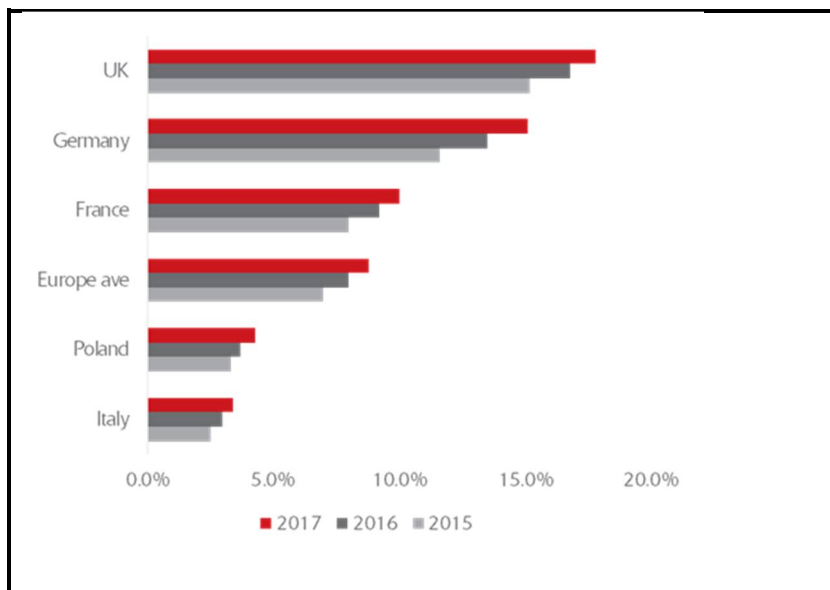
Market Overview: Big box warehouses (>10,000 sq m)

Big box warehouses are most commonly used by retailers and third party logistics companies (“3PLs”) for the receipt, storage and distribution of stock to regional, national and international markets. There are a large number of logistics hubs in the UK and Continental Europe, but all share similar characteristics in terms of rapid and easy access to a relevant country’s major transport infrastructure (primarily road, but also rail, air and ports).

The main drivers of demand for big box warehouses are:

- **Economic environment:** A supportive economic environment is vital for the success of SEGRO’s customer base, which is dependent on healthy consumer demand for its products. Improving sales volumes typically require greater warehouse space. For 2017, the OECD forecasts real gross domestic product (“GDP”) growth of 1.6 per cent. for the UK, 2.0 per cent. for Germany, 1.3 per cent. for France and 3.7 per cent. for Poland¹.
- **Online retailing:** Over the past few years there has been a very clear shift in the location at which purchases are made from physical stores to websites. In turn, consumers now expect their purchases to be delivered directly to a location convenient to them in a short amount of time. Colliers estimates that over 1.4 million square metres of additional big box logistics space will be needed each year until 2020 in the UK to service online retailing at current levels².

Online share of retail sales, %



Source: Centre for Retail Research

- **Operating efficiencies:** Online retailing in particular has had a significant impact on the nature and the cost of a retailer’s supply chain due, in part, to individual deliveries being expensive and complicated to coordinate. As a core hub of a supply chain, retailers are

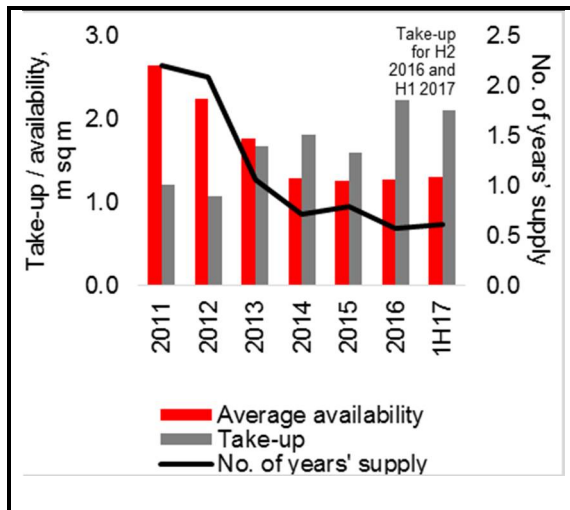
¹ Source: OECD forecast, 31 August 2017

² Source: Colliers International, Colliers European Retail & Logistics Insights, From Sheds to Shelves, Winter 2015 and The Economist, All That is Solid Melts into the Air, <http://www.economist.com/news/britain/21710271-britons-do-more-their-shopping-online-almost-anyone-else-move-cyberspace>

reviewing their warehouse network to ensure that it is sufficiently flexible to cater for the variety of delivery channels and that it is maximising efficiency of stock storage and management. A consistent response by both retailers and 3PLs has been to consolidate operations into fewer, but larger, warehouses in core logistics locations.

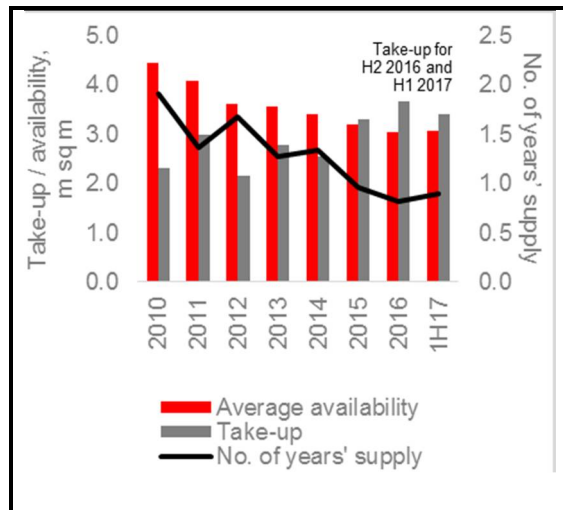
According to Jones Lang LaSalle (“JLL”), occupier demand for big box warehouses has been strengthening across the Group’s major markets in recent years and hit a record high in 2016, driven significantly by the structural shift towards online retailing.³

UK logistics take up and average availability



Source: JLL and SEGRO

France logistics take up and average availability



Source: JLL and SEGRO

Across the majority of European markets, immediately available space remains below total occupier demand, ensuring that vacancy rates are low⁴. The charts above demonstrate that in both the UK and France, where comparable data is available, available space equates to less than a year of occupier demand.

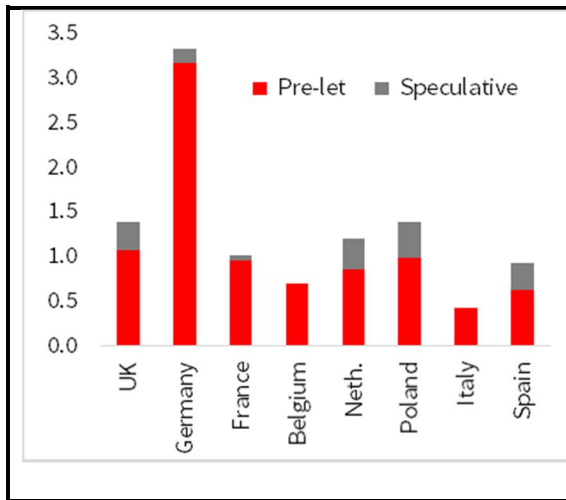
The Issuer believes that the potential for an oversupply situation in our major markets is low at the moment, reflected by limited amounts of speculative big box development.

Logistics space under construction (m sq m)

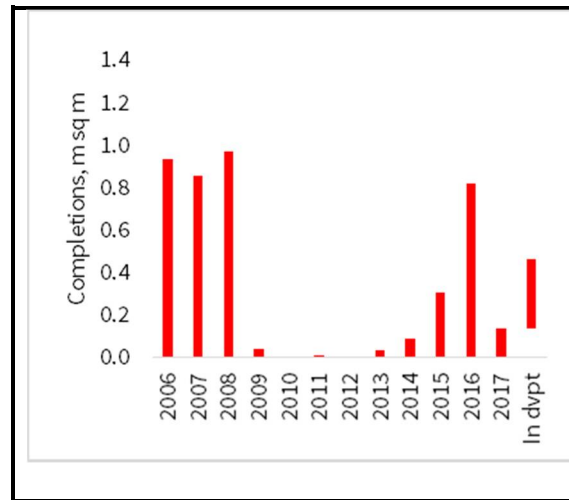
Speculative UK big box warehouse completions

³ Source: JLL, Q2 2017 Logistics Market Fundamentals

⁴ Source: JLL, Q2 2017 Logistics Market Fundamentals



Source: JLL



Source: JLL

Market Overview: Urban Warehouses (<10,000 sqm)

Urban warehousing has a very wide variety of uses by a similar variety of customer types. The location of urban warehouses near significant population centres provides easy access to, and by, a customer's own customer base and its labour force. They are typically in more land-constrained areas where competition comes more from alternative, higher-value land uses such as residential or retail, than from other industrial uses.

JLL reports that take-up in the Western Corridor (defined as the West of London and Thames Valley region) was 5.6 million square feet in 2016, 9 per cent. higher than 2015. Just over half of demand came from West London. Availability of space in the Western Corridor at the end of 2016 remained low at 7.2 million square feet, just 4 per cent. higher than at the end of 2015 (JLL, Western Corridor Industrial Market, February 2017).

According to CBRE, take-up in Paris urban warehousing in 2016 increased by 16 per cent. to 964,700 square metres and levels of take-up in Q1 2017 indicate that "2017 will be an equally good year"⁵. Available space at 31 March 2017 totalled 2.5 million square metres, a slight decline from the end of 2016, and only 5 per cent. was represented by new or refurbished space.

The main drivers of demand for urban warehouses are:

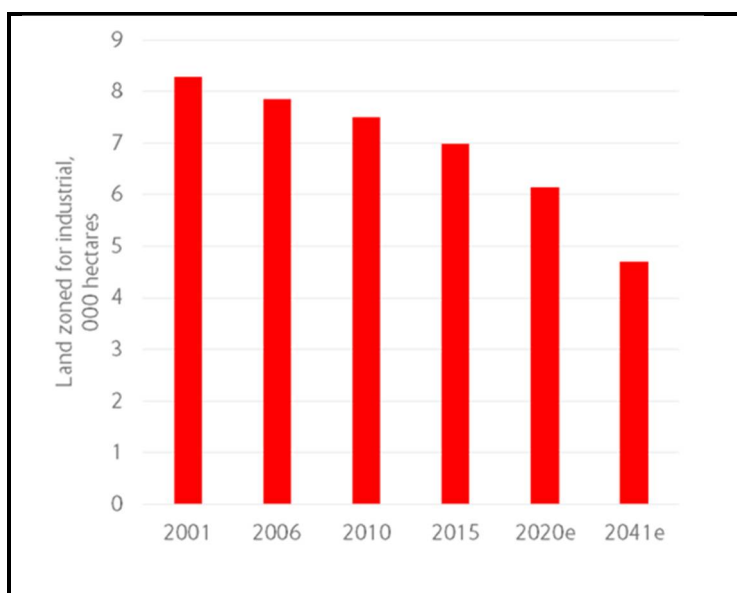
- **Economic environment:** the economic drivers of the urban warehouse market follow a similar path to those of big box warehouses and are generally GDP led.
- **Urbanisation:** The trend towards urbanisation in Western Europe is fuelling demand for urban warehouses from a wide variety of businesses, including parcel delivery companies and food producers, to service growing population numbers. The consequential demand for residential space is also putting pressure on land availability for other uses.

⁵ Source: Ile-de-France Light Industrial Marketview, Q1 2017

- **Online retailing:** The growth of online retailing and the need to satisfy customers' expectations of speedy and convenient delivery is key to the urban warehouse market.
- **Convenience retailing:** Grocery retailers are increasingly opening smaller, local stores which offer a more limited variety of faster-moving stock. Urban warehousing allows stock of (often perishable) items to be stored close to the final destination and delivered quickly on a 'just-in-time' basis.
- **Operating efficiencies:** Online retailing in particular has had a significant impact on the nature and the cost of a retailer's supply chain due, in part, to individual deliveries being expensive and complicated to coordinate. Urban warehouses are necessary to facilitate the final stage of the supply chain, commonly known as "last mile delivery", in which large volumes of individual packages can be broken down into individual items and delivered by smaller vehicles to the final destination.

The supply situation is also more constrained in urban areas, where industrial land is being re-zoned for higher value uses, most often residential. In London, which is the Group's largest urban warehouse market, London's industrial land has steadily fallen in recent years, and is forecast by the Greater London Authority to fall by 43 per cent. between 2001 and 2041.

Land in London zoned for industrial use, '000 hectares



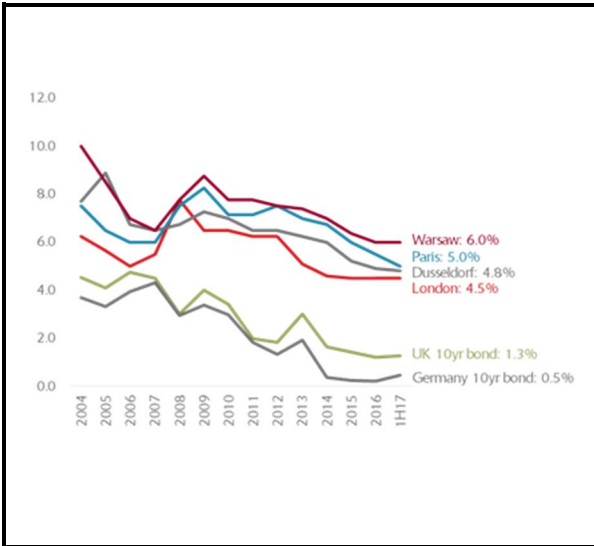
Source: Greater London Authority

Investment Market Overview

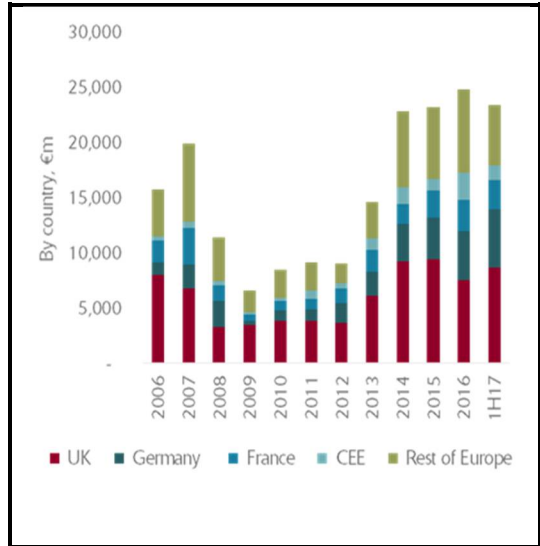
Investor demand for good quality warehouse assets has strengthened in recent years, indicated by falling property yields and strong investment volumes.

Prime logistics yields vs 10 year bond yields

European investment volumes, €m



Source: CBRE, Bloomberg (30 June 2017)



Source: CBRE

Directors

The Board comprises six Non-Executive Directors (including the Chairman) and four Executive Directors (the “**Directors**”). Their names and principal functions and principal activities outside the Group, where those are significant, are as follows:

Name	Function	Outside Directorships
Gerald Corbett	Non-Executive Chairman of the Board of Directors and Chairman of the Nomination Committee	Chairman of Marylebone Cricket Club Director of Holtsmere End Farm Limited
David Sleath	Chief Executive and member of the Nomination Committee	Director of British Property Foundation Director of European Public Real Estate Association
Soumen Das	Chief Financial Officer	-
Andy Gulliford	Chief Operating Officer	Director of Howbury Park GP Limited Director of Howbury Park SPV Limited Director of Roxhill Warth 3 Limited Director of Roxhill (Tilbury 2) Limited Director of Roxhill (Howbury) Limited Director of Roxhill (Rushden) Limited Director of Roxhill (Maidstone) Limited Director of Roxhill (Coventry M6 J2) Limited Director of Roxhill (Coventry) Limited Director of Roxhill (Junction 15) Limited Director of Roxhill (Reading) Limited Director of Gateway Rugby Management Company
Phil Redding	Chief Investment Officer	Director of SEGRO European Logistics Partnership S.à. r.l. Director of SELP Finance S.à. r.l. Director of SELP Investments S.à. r.l. Director of Centennial Park Management Company Limited
Baroness Ford	Senior Independent Non-Executive Director and member of the Nomination Committee, the Audit Committee and the Remuneration Committee	Chairman of STV Group PLC Senior Independent Director of NewRiver REIT plc

Name	Function	Outside Directorships
Christopher Fisher	Independent Non-Executive Director, Chairman of the Remuneration Committee, and member of the Nomination Committee and the Audit Committee.	Director of National Savings and Investments
Martin Moore	Independent Non-Executive Director and member of the Audit Committee and the Remuneration Committee	Director of M&G Asia Property Fund Senior Independent Director of F&C Commercial Property Trust Ltd Director of Secure Income REIT PLC Director of MRM UK Consulting Services Limited Director of The Guildhall School Trust
Mark Robertshaw	Independent Non-Executive Director and member of the Remuneration Committee	Director of The Leigh Residents Management Company Limited Director of Pthreefive Limited
Doug Webb	Independent Non-Executive Director, Chairman of the Audit Committee, and member of the Nomination Committee	Director of Meggitt Advanced Composites Limited Director of Meggitt Acquisition Limited Director of Meggitt Investments Limited Director of Meggitt International Limited Director of Meggitt International Holdings Limited Director of Meggitt Properties PLC Director of Meggitt-USA Holdings LLC Director of Meggitt (UK) Limited Director of Meggitt Aerospace Limited Director of Meggitt PLC

The business address of Gerald Corbett, David Sleath, Martin Moore, Soumen Das, Andy Gulliford, Phil Redding, Mark Robertshaw, Christopher Fisher and Doug Webb is SEGRO plc, Cunard House, 15 Regent Street, London SW1Y 4LR, United Kingdom. The business address of Baroness Ford is STV Group plc, Pacific Quay, Glasgow, G51 1PQ, United Kingdom.

There are no potential conflicts of interest between the duties to the Issuer of the directors and their private interests and/or other duties.

GLOSSARY OF KEY TERMS

“AUM”	Assets under management.
“capital expenditure”	Expenditure for additions to properties and acquisitions of investment and trading properties but does not include tenant incentives, letting fees and rental guarantees.
“Continental Europe”	The continuous continent of Europe, excluding surrounding islands.
“Current Development Pipeline”	Development projects which have been approved by the Directors and which were underway at 30 June 2017.
“customer retention rate”	Percentage of income at risk (from break or expiry) during the period which is retained (i.e., because the customer either renews the lease or does not exercise a break option and remains in the existing space, or takes other space provided by the Group). The measure is based on the new headline rent compared to the original headline rent (the new headline rent is zero if the customer does not renew).
“EPRA”	European Public Real Estate Association, the publisher of Best Practice Recommendations intended to make financial statements of public real estate companies in Europe clearer, more transparent and comparable.
“estimated rental value” or “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.
“Gearing”	Gearing is Group net borrowings divided by total shareholders’ equity excluding intangible assets and deferred tax provisions.
“headline rent” and “rent roll”	Annualised cash rental income receivable on a property after expiry of rent free periods.
“hectares” (Ha)	The area of land measurement used in this Prospectus. The conversion factor used, where appropriate, is 1 hectare = 2.471 acres.
“Interest Cover Ratio” or “ICR”	ICR is the ratio of net rental income excluding joint ventures to adjusted net finance costs.
“Loan to Value” or “LTV”	LTV is net borrowings divided by the carrying value of total property assets (investment, owner occupied (if any), trading properties and at 31 December 2015 included the Bath Road office portfolio categorised as “Assets held for sale” on the balance sheet).

“Near-Term Development Projects”	Both (i) development projects which at 30 June 2017 had been approved by the Directors, but which are subject to final pre-let agreements from customers or conditional on being granted planning permission; and (ii) speculative developments which the Directors have identified and which they believe may be approved in the six to 12 months following 30 June 2017 subject to market conditions.
“net initial yield”	Passing rent less non-recoverable property expenses such as empty rates, divided by the property valuation plus notional purchasers’ costs. This is in accordance with EPRA’s Best Practices Recommendations Guidelines.
“net true equivalent yield”	The internal rate of return from an investment property, based on the value of the property assuming the current passing rent reverts to ERV and assuming the property becomes fully occupied over time. It assumes that rent is received quarterly in advance.
“passing rent”	The annual cash rental income receivable on a property at the balance sheet date.
“pre-let”	A lease signed with an occupier prior to completion of a development.
“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 Prospectus. The conversion factor used, where appropriate, is one square metre = 10.7639 square feet.
“topped-up net initial yield”	Net initial yield adjusted to include notional rent in respect of let properties which are subject to a rent free period at the valuation date. This is in accordance with EPRA’s Best Practices Recommendations Guidelines.
“Total Cost Ratio” or “TCR”	TCR reflects the total administration and property operating costs, less management fees including those from joint ventures (which are designed to compensate the Group for management costs incurred in earning those fees), expressed as a percentage of gross rental income (excluding management fees).
“total development cost”	The value of land at commencement of a development plus the capital invested in the development, notional finance costs and any other fees and costs associated with the development.

“weighted average lease length to first break”	The length of unexpired term measured to the first lease break date and to expiry, weighted by headline rent.
“weighted average lease length to expiry” or “WAULT”	The length of unexpired term measured to expiry, weighted by headline rent.
“yield on cost”	The expected gross yield based on the estimated ERV of a development when fully let, divided by the total development cost.
“yield on new money”	The expected gross yield based on the estimated ERV of a development when fully let, divided by the total development cost less the value of the land associated with the development, unless the land was purchased specifically in order to commence development.

TAXATION

United Kingdom Taxation

The comments below, which are of a general nature and are based on the Issuer's understanding of current United Kingdom tax law (as applied in England and Wales) and HM Revenue & Customs' published practice, relate only to the United Kingdom withholding tax treatment of payments in respect of the Notes. They are not exhaustive. They do not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom are strongly advised to consult their own professional advisers.

The Notes issued will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange, within the meaning of section 1005 Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List by the United Kingdom Listing Authority and are admitted to trading on the regulated market of the London Stock Exchange. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest by the Issuer on the Notes may be made without withholding or deduction for or on account of income tax.

A further exclusion from the obligation to make a withholding on account of income tax applies where, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner of the interest is within the charge to United Kingdom corporation tax as regards the payment of interest, provided HM Revenue & Customs has not given a direction that the interest should be paid under deduction of tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of income tax at the basic rate (currently 20 per cent.), subject to any other available exemptions and reliefs (such as a direction by HM Revenue & Customs that interest may be paid without withholding, or with withholding at a reduced rate, to a specified Noteholder following an application by that Noteholder under a relevant double tax treaty).

Where Notes are issued at an issue price of less than 100 per cent. of their principal amount, any payments in respect of the accrued discount element on any such Notes will not generally be subject to any withholding or deduction for or on account of income tax.

SUBSCRIPTION AND SALE

The Managers have, pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated 9 October 2017, agreed to subscribe or procure subscribers for the 2029 Notes at the issue price of 99.127 per cent. of their principal amount and for the 2037 Notes at the issue price of 99.129 per cent. of their principal amount, in each case upon the terms and subject to the conditions contained therein. The Issuer will pay a commission to the Managers and will reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment being made to the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act and that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of the Note) may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Switzerland

Each Manager has represented and agreed that this Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be

publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the offering, nor the Issuer nor the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, for example, the Swiss Financial Markets Supervisory Authority FINMA, and investors in the Notes will not benefit from protection or supervision by such authority.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (*Act No. 25 of 1948, as amended* (the “**FIEA**”)) and each Manager has represented and agreed that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (*Act No. 228 of 1949, as amended*)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, a resident of Japan except pursuant to an exemption from registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

No action has been or will be taken in any country or any jurisdiction by any of the Managers nor the Issuer that would, or is intended to, permit a public offer of the Notes, or possession or distribution of this Prospectus or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

GENERAL INFORMATION

Authorisation

The issue of the Notes has been duly authorised by resolutions of the Board of Directors of the Issuer dated 20 September 2017 and a resolution of an executive committee of the Board of Directors dated 22 September 2017.

Listing of Notes

Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for the Notes to be admitted to trading on the Market. Such listing and admission to trading is expected to occur on or about 11 October 2017 subject only to the issue of the Temporary Global Note in respect of each Series of Notes.

The Issuer estimates that the total expenses related to the admission to trading will be approximately £4950.

Indication of Yield

Based upon an issue price of 99.127 per cent. of the principal amount of the 2029 Notes, the yield of the 2029 Notes for the period from (and including) the Issue Date to (but excluding) the 2029 Notes Maturity Date, is 2.460 per cent. per annum. The yield is calculated at the Issue Date and is not an indication of future yield.

Based upon an issue price of 99.129 per cent. of the principal amount of the 2037 Notes, the yield of the 2037 Notes for the period from (and including) the Issue Date to (but excluding) the 2037 Notes Maturity Date, is 2.933 per cent. per annum. The yield is calculated at the Issue Date and is not an indication of future yield.

Documents Available

For the period of 12 months following the date of this Prospectus, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being in London:

- (i) the Articles of Association of the Issuer;
- (ii) the 2015 Annual Report and the 2016 Annual Report;
- (iii) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer, in each case together with any audit or review reports prepared in connection therewith;
- (iv) the Agency Agreement, the Trust Deed and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (v) a copy of this Prospectus; and

- (vi) any future offering circulars, prospectuses, information memoranda, supplements to this Prospectus, and any other documents incorporated herein or therein by reference.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for the 2029 Notes is XS1692835249 and the Common Code is 169283524. The ISIN for the 2037 Notes is XS1692836726 and the Common Code is 169283672.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer or the Group taken as a whole since 30 June 2017. There has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2016.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), nor have there been such proceedings in the 12 months preceding the date of this Prospectus, which may have or have in such period had a significant effect on the financial position or profitability of the Issuer and/or the Group.

Material Contracts

There are no material contracts entered into other than in the ordinary course of the Issuer's business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes.

Interests of natural and legal persons involved in the issue

Save for any fees payable to the Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

Auditors

PricewaterhouseCoopers LLP of 7 More London Riverside, London SE1 2RT, United Kingdom audited the Issuer's consolidated accounts, without qualification, in accordance with generally accepted auditing standards in the United Kingdom for the financial years ended on 31 December 2016 and Deloitte LLP of 2 New Street Square, London EC4A 3BZ audited the Issuer's consolidated accounts, without qualification, in accordance with general accepted auditing standards in the United Kingdom for the financial years ended on 31 December 2015. PricewaterhouseCoopers LLP and Deloitte LLP are members of the Institute of Chartered Accountants of England and Wales. PricewaterhouseCoopers LLP and Deloitte LLP have no material interest in the Issuer.

Trustee's reliance on Auditors' certificates and/or reports

The Trust Deed provides that the Trustee may rely on certificates and/or reports from Auditors (as defined therein) or any other expert in accordance with the Trust Deed whether or not such certificate or report or any engagement letter or other document entered into by the Trustee and the Auditors or such other expert in connection therewith contains any limit on the liability of the Auditors or such other expert.

Managers transacting with the Issuer

Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

In the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Where the Managers or their affiliates have a lending relationship with the Issuer and/or its affiliates they may routinely hedge their credit exposure to those entities consistent with their customary risk management policies. Typically, the Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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