Disposal of SEGRO's Business in the USA

Analyst presentation
4 June 2007

SEGRO
SLOUGH ESTATES GROUP

WHERE BUSINESS WORKS

Transaction highlights

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- SEGRO has agreed the US$2.9 billion* sale of Slough Estates USA Inc., SEGRO's life sciences real estate business in the USA, to Health Care Property Investors following a highly competitive auction process.
- The sale of Slough Estates USA is the culmination of the strategic repositioning begun in 2004 and which will create a very focused business model.
- SEGRO is the leading provider of Flexible Business Space in Europe; the full exit from life sciences real estate in the US enables SEGRO to build on this core strategic position.
- The consideration effectively represents a premium of 26 per cent over the IFRS book value of the property assets as at 31 December 2006 and a surplus of 44% over the net assets of Slough Estates USA at that date.
- SEGRO intends to return £250 million to shareholders (equivalent to 53 pence per share) by way of a Special Dividend.
- After the payment of the Special Dividend, the remaining proceeds of £324 million are to be retained for future investment.

*Before deduction of taxation and of debt to be transferred with the business

Proceeds from Disposal

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	(£m[1])
Gross proceeds (US$2.9bn)[2]	1,479
Estimate of debt to be transferred with the business[2]	(583)
Anticipated taxation	(297)
Estimated costs	(25)
Net cash proceeds (US$1.1bn)	574
Special Dividend	(250)
Net cash retained by SEGRO	324

Notes:

1 USD:GBP exchange rate of 1.96 used for conversion

2 The consideration is subject to certain balance sheet adjustments, calculated in accordance with the provisions of the Share Purchase Agreement

Financial impacts on SEGRO
2006 Unaudited Accounts Pro-forma
- as if all aspects of proposal had retrospective effect

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- If SEGRO's 2006 financial results were retrospectively adjusted to reflect the effects of the Disposal, the payment of the Special Dividend and the Share Consolidation, then the pro-forma impacts on the 2006 financial results would have included:

	Financial statements 31 December 2006	Pro-forma for sale of Slough Estates USA as at 31 December 2006
Total assets (£m)	6,390	5,478
NAV per share (p)	718	761
Adjusted diluted NAV per share (p)	775	776
Gross property rental income (£m)	305	229
Adjusted diluted earnings per share (p)	25.1	24.0

Terms of the disposal

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- Complete disposal of SEGRO's US subsidiary, Slough Estates USA, which includes all US real estate assets and development projects (but excludes Charterhouse private equity investments)

- Slough Estates USA's management team and employees will become part of HCP

- SEGRO will receive at completion net proceeds in cash equal to US$1.1 billion
  - the consideration is subject to certain balance sheet adjustments, calculated in accordance with the provisions of the Share Purchase Agreement

- The Disposal is conditional, amongst other things, upon obtaining the approval of SEGRO Shareholders at an EGM to be convened as soon as practicable; completion anticipated in the third quarter of 2007

- SEGRO considered other transaction structures, but concluded that a straightforward cash disposal was in the best interests of shareholders

Background to and reasons for the disposal

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- The disposal follows the announcement in November 2006 of a review of the strategic options in relation to Slough Estates USA
- SEGRO's strategy is to focus on Flexible Business Space in Europe where it can apply its core skills and achieve attractive returns
  - this follows a series of successful and well timed disposals of non-core assets which began in 2004
- The disposal will enable SEGRO to concentrate on these opportunities in Europe, while enabling our Shareholders to benefit significantly from the value we created in Slough Estates USA's highly specialised property business.
- SEGRO has built a successful business in the "biotech" market, but one which is materially different from, and has no synergy with, our activities in Europe.
- We believe Slough Estates USA will thrive under its new owners, who are themselves well established in the US healthcare property market.

Use of proceeds

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- Special dividend and share consolidation
  - following completion, SEGRO intends to return approximately £250 million (equivalent to 53 pence per share) by way of a special dividend to shareholders
  - this will be accompanied by a consolidation of SEGRO's ordinary share capital

- Funding of future acquisitions and development pipeline in the UK and Continental Europe
  - £1.6 billion of potential future development expenditure
  - Land bank with 2.1 million sq m of buildable space
  - SEGRO spent over £500m on European acquisitions in 2005 and 2006
  - acquisition opportunities in Continental, and particularly in Central, Europe

- Post disposal, SEGRO will have gearing of 40% and available facilities of over £1 billion, which provides substantial capacity to undertake future investments

Development Pipeline
Analysis by Geography – excluding USA
As at 31 December 2006

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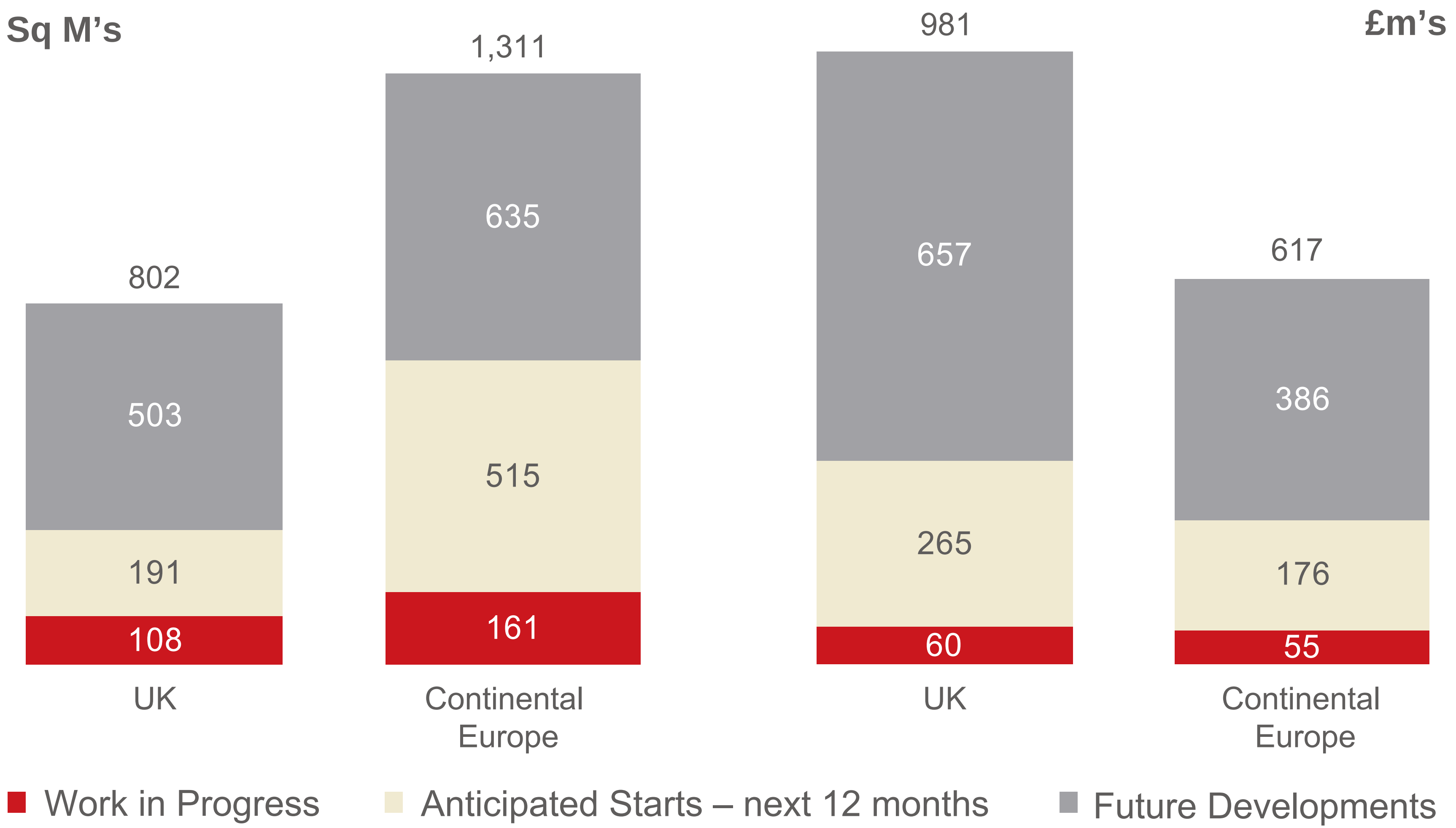
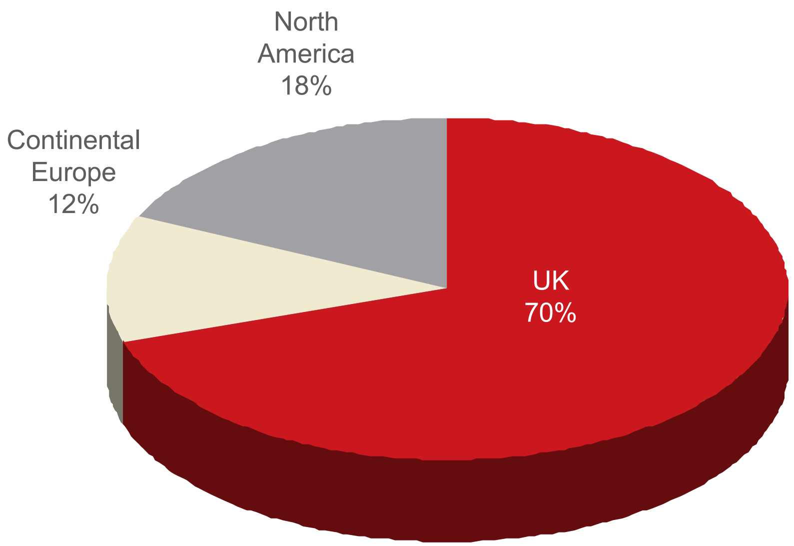
Space To Be Built – 2.1 M Sq M

Future Expenditure – £1.6bn

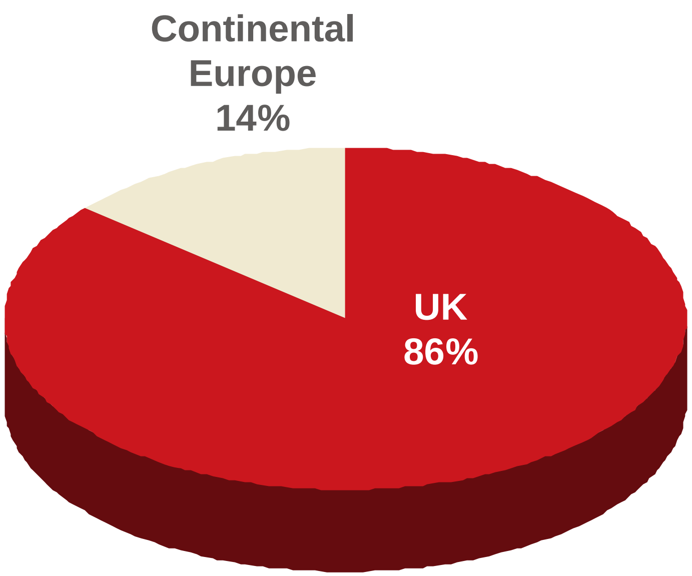


Impact of Disposal

Property portfolio
As at 31 December 2006
By value, by location



Pro-forma post-disposal



Notes:
1 Includes net share of joint ventures and trading properties

Impact of Disposal

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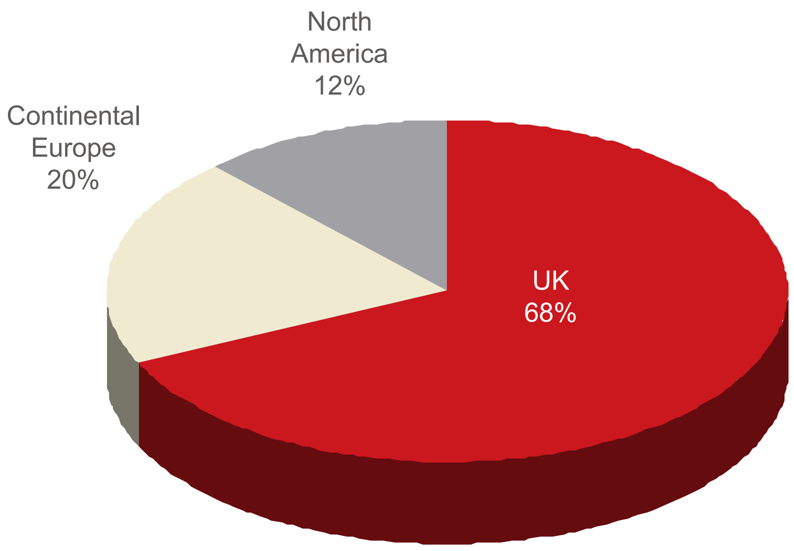
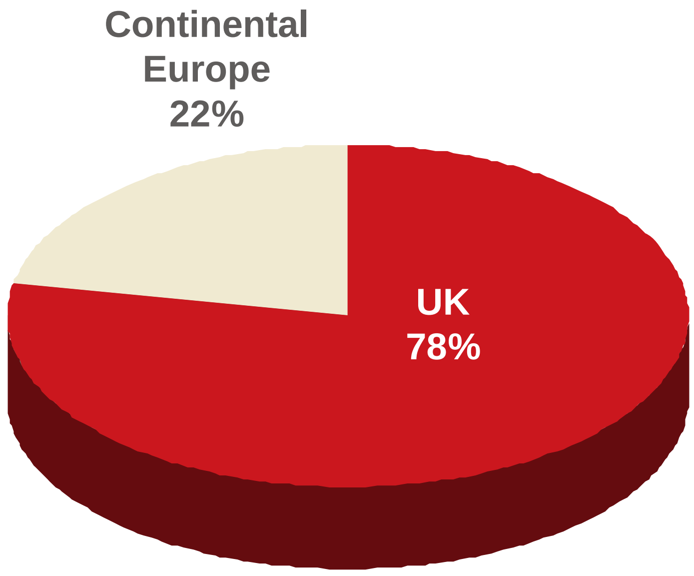
Investment portfolio
As at 31 December 2006
By space, by location



Pro-forma post-disposal



Notes:
1 Includes 100% share of joint ventures
2 Excludes land and construction in progress and trading properties

Appendix I

The Continuing SEGRO Europe

Flexible Business Space

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Industrial sites and business parks used for:

- Light industrial
- Warehousing / logistics
- Suburban offices

The UK Portfolio

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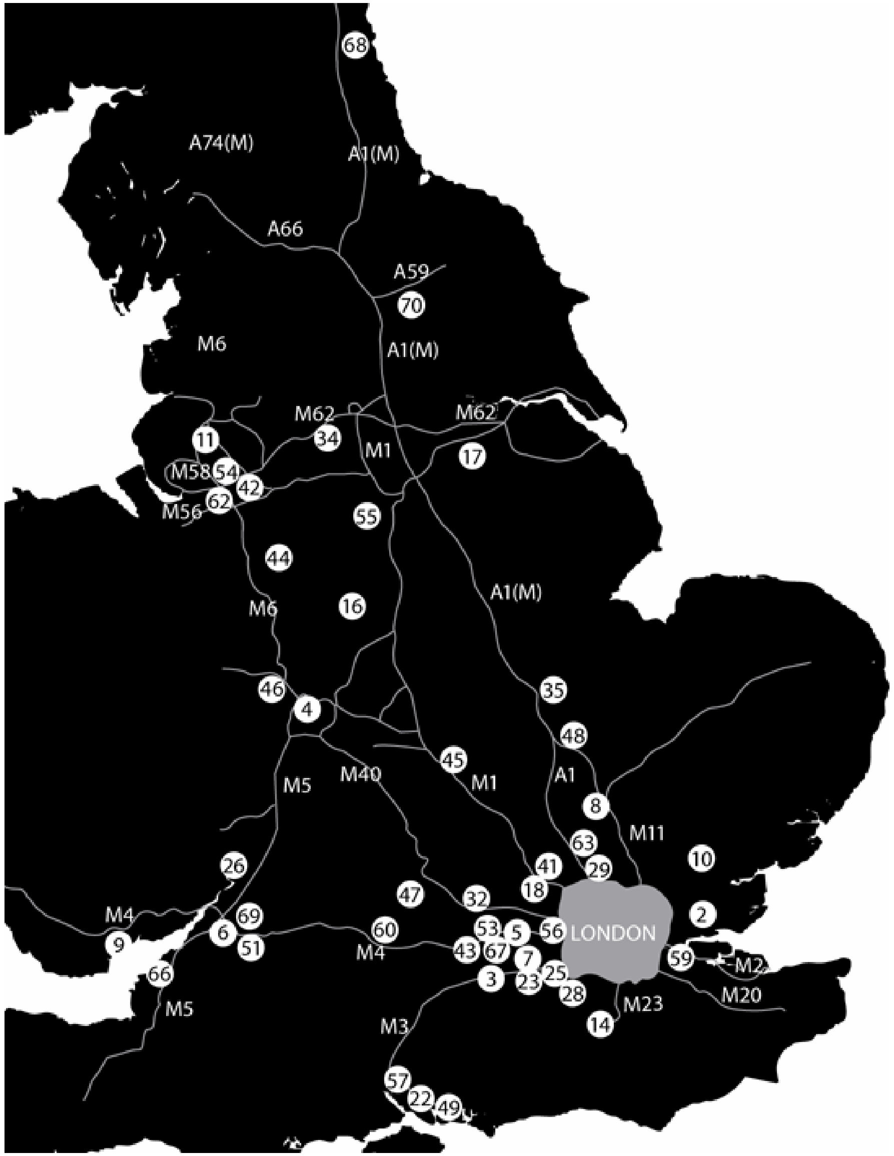
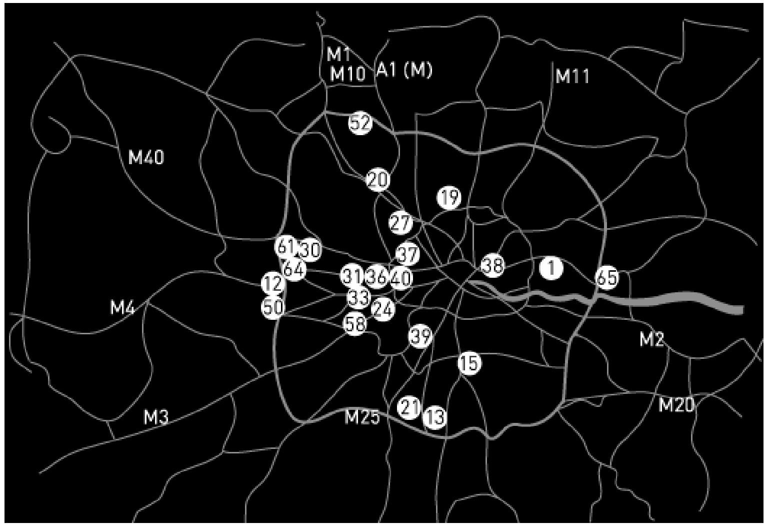




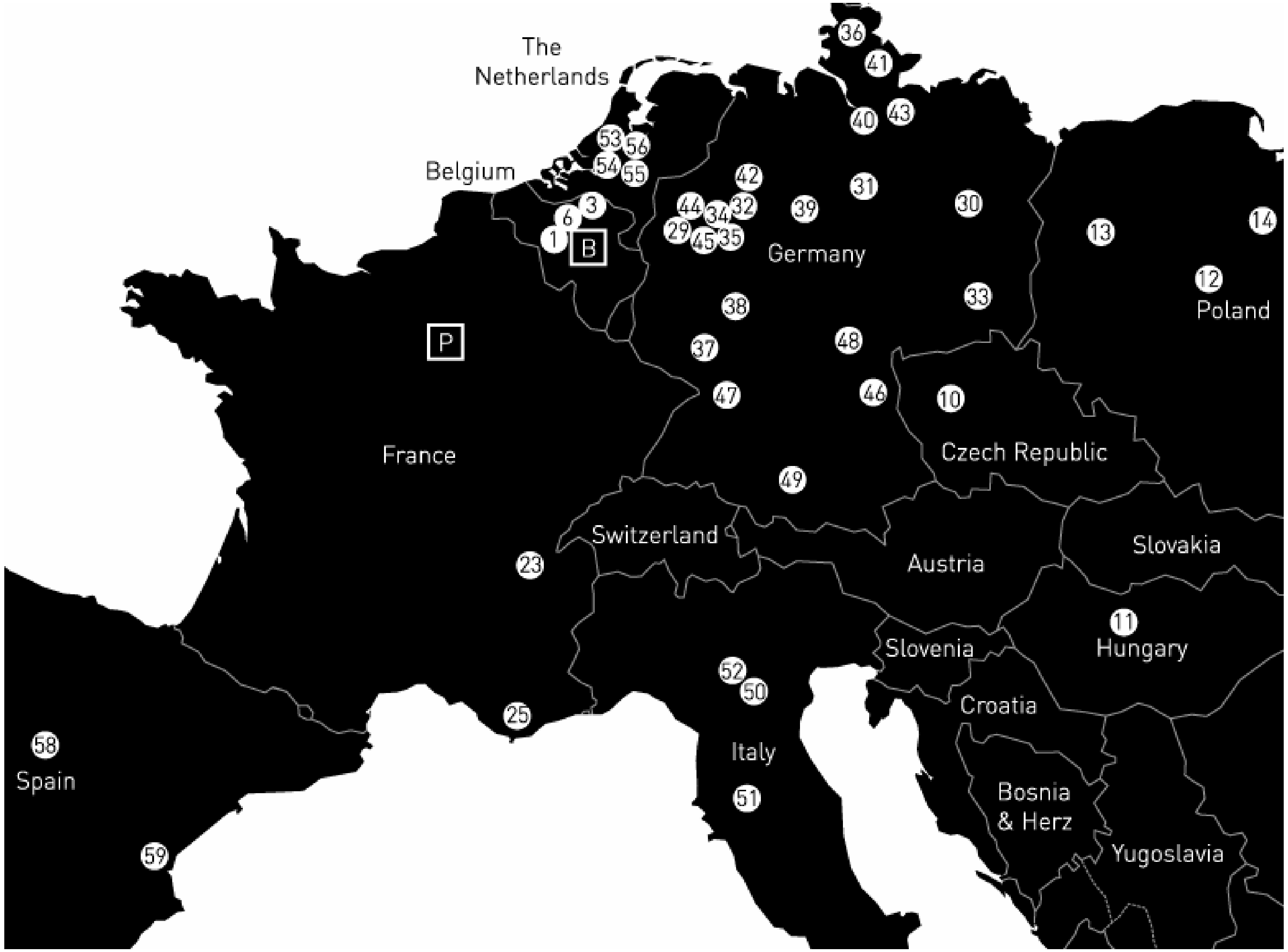
London (inside M25)

1 Barking
2 Basildon
3 Basingstoke
4 Birmingham
5 Bracknell
6 Bristol
7 Camberley
8 Cambridge
9 Cardiff
10 Chelmsford
11 Chorley *
12 Colnbrook
13 Coulsdon
14 Crawley
15 Croydon
16 Derby
17 Doncaster *
18 Dunstable
19 Edmonton
20 Elstree
21 Epsom
22 Fareham
23 Farnborough
24 Feltham
25 Frimley
26 Gloucester
27 Greenford
28 Guildford
29 Hatfield
30 Hayes
31 Heston
32 High Wycombe
33 Hounslow
34 Huddersfield
35 Huntington
36 Isleworth
37 London NW10
38 London SE16
39 London SW19
40 London W3
41 Luton
42 Manchester
43 Newbury
44 Newcastle – Under-Lyme *
45 Northampton
46 Oldbury
47 Oxford
48 Peterborough
49 Portsmouth
50 Poyle
51 Pucklechurch
52 Radlett
53 Reading
54 Runcorn
55 Sheffield *
56 Slough
57 Southampton
58 Sunbury
59 Swanley
60 Swindon
61 Uxbridge
62 Warrington
63 Welwyn Garden City
64 West Drayton
65 West Thurrock
66 Weston-super-Mare
67 Wokingham
68 Wynyard *
69 Yate
70 York

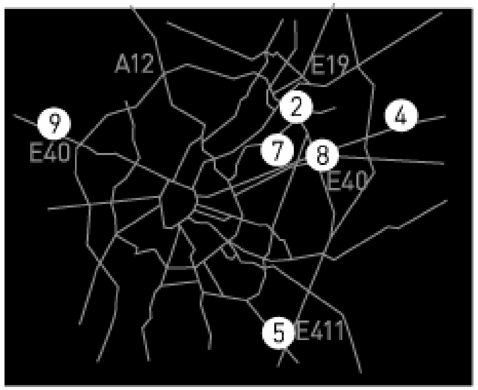
* HelioSlough property

The Portfolio in Continental Europe (1/2)

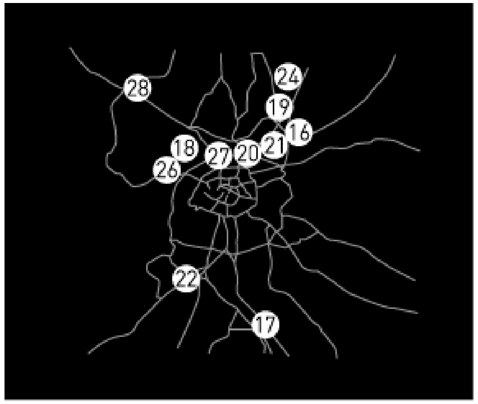
SEGRO
SLOUGH ESTATES GROUP



Brussels



Paris



Key on next page

The Portfolio in Continental Europe (2/2)

SEGRO
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Belgium
Brussels
1 Bornem
2 Diegem
3 Kontich
4 Kortenberg
5 Nivelles
6 Rumst
7 St Stevens-Woluwe
8 Zaventem
9 Zellik

Czech Republic
10 Prague
Hostivice

Hungary
11 Budapest
Biatorbágy

Poland
12 Lód´z
Stryków
13 Pozna´n
Komorniki
14 Warsaw
Mokotów

France
16 Aulnay sous Bois
17 Bondoufle
18 Colombes
19 Gonesse
20 La Courneuve
21 Le Blanc Mesnil
22 Les Ulis
23 Lyon
Saint Priest
24 Marly la Ville
25 Marseille
Aubagne
26 Nanterre
27 Saint Denis
28 Saint Ouen
l'Aumône

Germany
29 Aachen
Jülich
30 Berlin
31 Braunschweig
32 Dortmund
Holzwickede
33 Dresden
Hoyerswerda
Kesseldorf
34 Düsseldorf
Ratingen
35 Essen
36 Flensburg
37 Frankfurt/M
Alzenau
Butzbach
Darmstad
38 Gießen
39 Göttingen
40 Hamburg
41 Kiel
Rendsburg
42 Krefeld
43 Lübeck
44 Mönchengladbach
45 Neuss
Dormagen
Grevenbroich
46 Nürnberg
Frauenaurach
Fürth
Marklustenau
Neumarkt
47 Saarbrücken
48 Schweinfurth
Sennfeld
49 Stuttgart
Aulendorf
Bad Waldsee

Italy
50 Bologna
51 Nepi-Viterbo
52 Parma

The Netherlands
53 Amsterdam
Osdorp
54 Haarlemmemeer
Nieuw-Vennep
55 Hoofddorp
De Hoek
56 Rijswijk
Hoornwijk

Spain
58 Madrid
Torrejón de Ardoz
Velilla
59 Valencia
Paterna

SEGRO Quality of Income and Covenant
As at 31.12.06 (excluding US)

SEGRO
SLOUGH ESTATES GROUP

- **Over 1,500 occupiers**
  large and small
  wide range of market sectors

- **8.6 years average lease length to expiry**
  6.3 years to breaks

SEGRO Property Portfolio
As at 31.12.06 (ie excluding US)

SEGRO
SLOUGH ESTATES GROUP

- **3.3 million sq m**
  of built space
- **£215 million**
  annual rent roll
- **£4.1 billion**
  investment portfolio
- **411 ha**
  land bank

SEGRO Development Track Record & Potential
Europe

SEGRO
SLOUGH ESTATES GROUP

- **269,000 sq m under construction at end 2006**
  c50 per cent pre-let at end of 2006
- **706,000 sq m of starts scheduled for 2007**
  81 per cent fully approved or zoned / with outline approval
- **2.1 million sq m pipeline**
- **£1.6 billion investment to completion**
- **£181m indicative rental potential**

Development Pipeline – Group
As at 31.12.06
Major Potential to Create Value

SEGRO
SLOUGH ESTATES GROUP

		Construction In Progress	Potential Development Starts in 2007	Potential Developments 2008 & Beyond	Total Programme
Land area	**ha**	**46**	**149**	**216**	**411**
Space:					
Industrial	sq m	197,510	619,511	735,404	1,552,425
Offices	sq m	71,841	80,287	404,533	552,661
Retail	sq m	0	6,065	1,858	7,923
Total	sq m	269,351	705,863	1,137,795	2,113,008
Investment properties	%	70	73	72	72
Trading properties	%	30	27	28	28
Pre-let	%	49	4	1	3
Planning status					
- Fully approved	%	100	21	6	23
- zoned/outline approval	%	0	60	64	55
Rental value when completed	£m	21.7	48.3	111.2	181.2
Current book value – at valuation	£m	214.6	223.9	455.1	893.7
Forecast future costs to completion	£m	114.7	441.5	1,042.1	1,598.3

All amounts are indicative only and are liable to change. Certain properties included above are currently income producing and are expected to be redeveloped; such properties produce current rental income of approximately £12 million pa or less.

Development Pipeline – UK
As at 31.12.06
Major Potential to Create Value

SEGRO
SLOUGH ESTATES GROUP

		Construction In Progress	Potential Development Starts in 2007	Potential Developments 2008 & Beyond	Total Programme
Land area	**ha**	**20**	**36**	**102**	**158**
Space:					
Industrial	sq m	69,514	124,894	277,773	472,181
Offices	sq m	38,408	60,340	223,081	321,829
Retail	sq m		6,065	1,858	7,923
Total	sq m	107,922	191,299	502,712	801,933
Investment properties	%	93	88	98	95
Trading properties	%	7	12	2	5
Pre-let	%	46	5	2	9
Planning status					
- Fully approved	%	100	11	10	22
- zoned/outline approval	%	0	37	66	50
Rental value when completed	£m	12.9	28.7	71.6	113.2
Current book value – at valuation	£m	171.1	177.4	380.9	729.4
Forecast future costs to completion	£m	59.9	265.1	656.3	981.4

Development Pipeline – Continental Europe
As at 31.12.06
Major Potential to Create Value

SEGRO
SLOUGH ESTATES GROUP

		Construction in Progress	Potential Development Starts in 2007	Potential Developments 2008 & Beyond	Total Programme
Land area	**ha**	**27**	**112**	**114**	**253**
Space:					
Industrial	sq m	127,996	494,618	457,630	1,080,244
Offices	sq m	33,433	19,946	177,453	230,832
Retail	sq m				
Total	sq m	161,429	514,564	635,083	1,311,076
Investment properties	%	54	67	53	58
Trading properties	%	46	33	47	42
Pre-let	%	50	4	0	8
Planning status					
- Fully approved	%	100	24	3	24
- zoned/outline approval	%	0	69	63	57
Rental value when completed	£m	8.8	19.6	39.6	68.0
Current book value – at valuation	£m	43.6	46.5	74.2	164.3
Forecast future costs to completion	£m	54.8	176.4	385.8	617.0

Pro-forma Group income statement

	2006 Income & Expense £m	Pro-forma of Adjustments: Disposal of USA Operations at Beginning of 2006 £m	Pro-forma of Adjustments: Benefit of Proceeds Assuming Receipt at Beginning of the Year £m	Pro-forma of Adjustments: Effect of Special Dividend Assuming Paid at Beginning of Year £m	Continuing 2006 Pro-forma Group Income & Expense £m
Revenue	**384.1**	**(76.4)**			**307.7**
Gross property rental income	304.8	(76.2)			228.6
Property operating expenses	(57.6)	17.8			(39.8)
Net property rental income	247.2	(58.4)			188.8
Profit on sale of trading properties	6.1	(0.2)			5.9
Share of profits from property joint ventures and associates after tax	7.0	(1.5)			5.5
Net income from utilities and gas	2.1				2.1
Other investment income	8.5				8.5
Administration expenses	(28.9)	3.6			(25.3)
Operating profit	242.0	(56.5)			185.5
Finance income	31.1	(2.9)	31.6	(13.8)	46.0
Finance costs	(130.4)	18.4			(112.0)
Profit before tax and EPRA items	142.7	(41.0)	31.6	(13.8)	119.5
Reconciliation to group income statement					
Property gains	537.0	(139.5)			397.5
Valuation gains less tax of joint ventures and associates	6.3	(2.1)			4.2
Fair value of derivatives	4.1	0.1			4.2
Profit before tax per financial statements	**690.1**	**(182.5)**	**31.6**	**(13.8)**	**525.4**
Adjusted basic earnings per share	25.1p				23.9p
Adjusted diluted earnings per share	25.1p				24.0p

For notes to these pro-forma adjustments please see the press release

Pro-forma net asset statement

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		Pro-forma Adjustments			
	SEGRO Group 31 Dec 06 £m	Sale of US operations 31 Dec 06 £m	Disposal Adjustments £m	Effect of £250m special dividend £m	Continuing Group £m
Assets					
Non-current assets					
Goodwill	0.7	-			0.7
Investment properties	5,090.0	(925.7)			4,164.3
Development and owner occupied properties	469.7	(161.4)			308.3
Plant and equipment	48.1	(0.2)			47.9
Investments in joint ventures and associates	84.5	(21.5)			63.0
Finance lease receivables	10.6	-			10.6
Available-for-sale investments	44.1	-			44.1
	5,747.7	(1,108.8)			4,638.9
Current assets					
Trading properties	232.3	-			232.3
Trade and other receivables	185.7	(57.9)			127.8
Cash and cash equivalents	161.4	(5.3)	513.3	(250.0)	419.4
Current tax assets	5.1	(3.5)			1.6
Non-current assets classified as held for sale	56.6	-			56.6
Finance leases receivables	0.2	-			0.2
Inventories	1.0	-			1.0
	642.3	(66.7)	513.3	(250.0)	854.4
Total assets	6,390.0	(1,175.5)	513.3	(250.0)	5,477.8
Liabilities					
Non-current liabilities					
Borrowings	2,307.2	(496.8)	(76.2)		1,734.2
Deferred tax provision	298.5	(220.6)			77.9
Provisions for liabilities and charges	17.7	(2.3)			15.4
Trade and other payables	31.7	(3.2)			28.5
	2,655.1	(722.9)	(76.2)		1,856.0
Current liabilities					
Borrowings	77.6	(34.7)	15.3		58.2
Tax liabilities	82.5	-			82.5
Trade and other payables	192.4	(17.5)			174.9
	352.5	(52.2)	15.3		315.6
Total liabilities	3,007.6	(775.1)	(60.9)		2,171.6
Net assets	3,382.4	(400.4)	574.2	(250.0)	3,306.2
Net assets per share					
- basic	718				761
- diluted	716				760
Adjusted net assets per share					
- basic	777				778
- diluted	775				776

For notes to these pro-forma adjustments please see the press release

Financial strength

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Total property assets	£4.9 billion
Net debt	£1,373 million (£1,433 including JVs)
Adjusted gearing	40%
Loan to value	29%
Gross borrowings	£1,792 million
Cash balances	£419 million (plus £1,090 million un-drawn bank facilities)
Weighted average cost of debt (85% at fixed rate of 5.9%)	5.70%
Average debt maturity	12 years
Recurring interest cover	Circa 1.83x

Appendix II

Additional Information about Slough Estates USA

Summary income statement of Slough Estates USA

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	IFRS Year ended 31 Dec 2006 £m	IFRS Year ended 31 Dec 2005 £m	IFRS Year ended 31 Dec 2004 £m	UK GAAP Year ended 31 Dec 2004 £m
Gross property rental income	76.2	97.2	69.3	61.6
Property operating expenses	(17.8)	(14.4)	(12.2)	(11.6)
Net property rental income	**58.4**	**82.8**	**57.1**	**50.0**
Profit on sale of trading properties	0.2	16.1	0.3	0.3
Share of profits from joint ventures and associates after tax	3.6	5.4	5.8	3.5
Net income from Gas		(2.1)	(3.3)	(3.1)
Administration expenses	(3.6)	(3.0)	(2.5)	(2.4)
Property gains	139.5	103.3	86.0	52.2
Gain on disposal of joint ventures		7.8		
Gain on disposal of Gas assets		99.7	4.4	4.2
Operating profit	**198.1**	**310.0**	**147.8**	**104.7**
Finance income	2.9	2.9	0.6	0.6
Finance costs	(18.5)	(19.1)	(25.3)	(25.9)
Profit before tax	**182.5**	**293.8**	**123.1**	**79.4**
Reconciliation to group financial statements				
Profits from activities which are excluded from the proposed sale:				
Venture capital investment income	3.5	1.5	3.0	2.9
Results of Slough Estates Canada			4.9	4.9
Per segmental disclosure of published financial statements	**186.0**	**295.3**	**131.0**	**87.2**

Balance sheets of Slough Estates USA

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	IFRS 31 Dec 2006 £m
Assets	
Non-current assets	
Investment properties	925.7
Development and owner occupied properties	161.4
Plant and equipment	0.2
Investments in joint ventures and associates	21.5
	1,108.8
Current assets	
Trade and other receivables	57.9
Cash and cash equivalents	5.3
Current tax assets	3.5
	66.7
Total assets	**1,175.5**

	IFRS 31 Dec 2006 £m
Liabilities	
Non-current liabilities	
Borrowings	496.8
Deferred tax provision	220.6
Provisions for liabilities and charges	2.3
Trade and other payables	3.2
	722.9
Current liabilities	
Borrowings	34.7
Trade and other payables	17.5
	52.2
Total liabilities	**775.1**
Net assets	**400.4**
Reconciliation to the group's financial statements	
Assets disclosed within segmental disclosure note, which are excluded from the proposed sale:	
Slough Estates Canada	4.1
Venture capital investments	24.3
Net assets per segmental disclosure	428.8