

SEGRO

2018

HALF YEAR
PROPERTY ANALYSIS REPORT



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ABOUT SEGRO

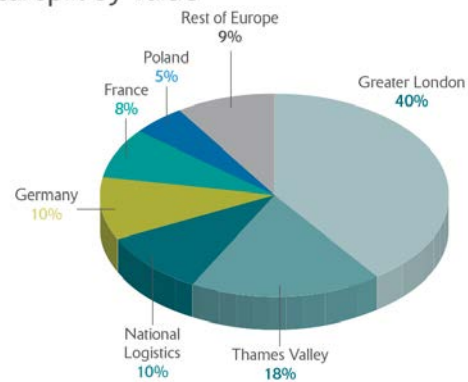
SEGRO is a leading owner, asset manager and developer of modern warehousing and light industrial properties, with £10.2 billion of assets under management (£8.8 billion including SEGRO's share of joint ventures). The assets are principally concentrated in key conurbations and major distribution hubs in ten European countries.

The Group serves customers spread across a diverse range of industry sectors. It has 6.9 million square metres of built space under management and annual rental income of £346 million at share.

OVERVIEW

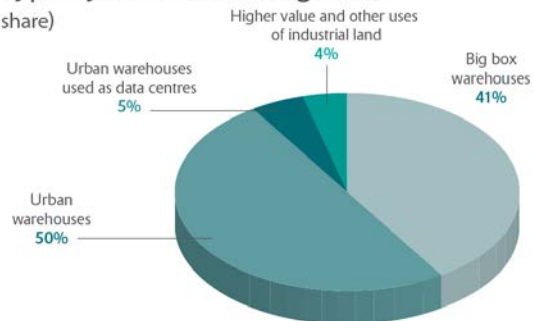
Geographical split by value

(SEGRO share)



Asset type by value (excluding land)

(SEGRO share)



THE BUILDINGS WE PROVIDE INCLUDE:



BIG BOX WAREHOUSES

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



URBAN WAREHOUSES

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



URBAN WAREHOUSES USED AS DATA CENTRES

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



HIGHER VALUE AND OTHER USES OF INDUSTRIAL LAND

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

COMBINED PROPERTY PORTFOLIO AND YIELD RECONCILIATION AS AT 30 JUNE 2018

Combined property portfolio (including share of joint ventures)		UK £m	Continental Europe £m	Total £m
COMBINED PROPERTY PORTFOLIO PER EXTERNAL VALUERS' REPORTS AND FINANCIAL STATEMENTS		5,949.4	2,827.3	8,776.7
Less land and development properties (investment, trading and joint ventures)		(441.3)	(498.4)	(939.7)
NET VALUATION OF COMPLETED PROPERTIES		5,508.1	2,328.9	7,837.0
Add notional purchasers' costs		372.6	109.5	482.1
GROSS VALUATION OF COMPLETED PROPERTIES INCLUDING NOTIONAL PURCHASERS' COSTS	A	5,880.7	2,438.4	8,319.1
Rental income		£m	£m	£m
Gross passing rent ¹		222.5	133.5	356.0
Less irrecoverable property costs		(4.3)	(5.7)	(10.0)
NET PASSING RENT	B	218.2	127.8	346.0
Adjustment for notional rent in respect of rent free periods		12.6	13.6	26.2
TOPPED UP NET RENT	C	230.8	141.4	372.2
Including future fixed/minimum uplifts ³		9.1	0.7	9.8
TOTAL TOPPED UP NET RENT		239.9	142.1	382.0
Yields		%	%	%
EPRA net initial yield ²	B/A	3.7	5.2	4.2
EPRA topped up net initial yield ²	C/A	3.9	5.8	4.5
Net true equivalent yield		4.8	5.9	5.1

¹ Gross passing rent excludes short term lettings and licences.

² In accordance with the Best Practices Recommendations of EPRA.

³ Certain leases contain clauses which guarantee future rental increases, whereas most leases contain five yearly, upwards only rent review clauses (UK) or indexation clauses (Continental Europe).

COMBINED PROPERTY PORTFOLIO AS AT 30 JUNE 2018

	Value at 30 June 2018 £m	Valuation movement ¹ %
Analysis of unrealised valuation movements		
Properties held throughout the period	7,453.5	5.3
Properties acquired during the period ²	38.2	0.5
Developments completed during the period	345.3	15.9
COMPLETED PROPERTIES	7,837.0	5.7
Buildings under construction	465.0	15.0
Land ²	474.7	1.2
WHOLE PORTFOLIO	8,776.7	5.9

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

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

Asset values by type and location, £m	London	Thames Valley & National Logistics	France	Italy	Spain	Poland	Czech Republic	Germany/ Austria	Belgium/ Netherlands	Total
Big box warehouses (>10,000 sq m)	641.2	803.1	520.3	270.6	57.9	277.6	40.0	518.2	95.4	3,224.3
Urban warehouses and light industrial buildings	2,554.3	788.1	157.9	15.7	11.0	148.7	10.9	182.5	14.3	3,883.4
Urban warehouses used as data centres	11.5	374.8	–	–	–	–	–	–	–	386.3
Higher value and other uses of industrial land ¹	140.3	194.8	1.4	0.8	–	3.1	–	–	2.6	343.0
COMPLETED PROPERTIES (SEGRO SHARE)	3,347.3	2,160.8	679.6	287.1	68.9	429.4	50.9	700.7	112.3	7,837.0
COMPLETED PROPERTIES (AUM)	3,347.3	2,160.8	976.3	393.2	86.4	729.2	101.7	1,116.7	202.9	9,114.5

1 Includes offices and retail uses such as trade counters, car showrooms and self storage facilities.

COMBINED PROPERTY PORTFOLIO AS AT 30 JUNE 2018

TOP 10 ESTATES (BY VALUE, SEGRO SHARE)	Ownership	Location	Lettable area (100%) sq m	Headline rent £m	Vacancy by ERV %	WAULT, years ¹	Asset type
UK							
Slough Trading Estate	100	Slough	515,608	66.6	4.3	9.0	Multi-let urban warehouse estate
Shoreham Rd Cargo Area	100	Heathrow	94,154	10.6	0.0	4.1	Multi-let cargo facility
Premier Park	100	Park Royal	78,428	10.5	1.9	4.8	Multi-let urban warehouse estate
Greenford Park	100	Park Royal	79,507	10.2	0.0	6.4	Multi-let urban warehouse estate
North Feltham Trading Estate	100	Heathrow	65,994	7.4	15.9	4.6	Multi-let urban warehouse estate
Axis Park	100	Heathrow	61,753	8.1	0.0	9.6	Multi-let urban warehouse estate
SLP East Midlands Gateway	100	Midlands	n/a	n/a	n/a	n/a	Development site
Metropolitan Park	100	Park Royal	70,018	7.1	7.7	2.8	Multi-let urban warehouse estate
Rugby Gateway	100	Midlands	113,413	8.5	0.0	10.4	Big box warehouse park
BA World Cargo Centre	100	Heathrow	n/a	Conf	0.0	32.8	Single-let cargo facility
CONTINENTAL EUROPE							
SEGRO Logistics Park Krefeld-Süd	50	Germany	191,644	4.6	3.1	6.5	Big box warehouse park
VAILOG DC 1 Rome	100	Italy	158,373	Conf	0.0	14.1	Single-let big box warehouse
SEGRO Park Düsseldorf-Süd	100	Germany	79,921	5.1	0.0	7.4	Multi-let urban warehouse estate
VAILOG CSG Logistics Park	50 / 100	Italy	164,582	3.2	1.8	9.8	Big box warehouse park
SEGRO Logistics Park Stryków	50	Poland	227,020	4.2	0.6	3.7	Big box warehouse park
SEGRO Logistics Park Aulnay	100	France	26,644	2.0	0.0	8.7	Big box warehouse park
VAILOG Interporto Bologna	50 / 100	Italy	132,076	4.7	0.0	10.8	Big box warehouse park
SEGRO Logistics Park Gliwice	50	Poland	223,751	4.1	14.8	3.1	Big box warehouse park
SEGRO Park Le Blanc Mesnil	100	France	37,847	3.7	6.1	2.8	Multi-let urban warehouse estate
SEGRO Logistics Park Prague	50	Czech Rep.	139,667	3.3	3.3	2.6	Big box warehouse park

¹ Weighted average unexpired lease term to earlier of break or expiry.

SUMMARY ANALYSIS AS AT 30 JUNE 2018

BY ASSET TYPE	Lettable area (100%) sq m	Lettable area (share) sq m	Completed £m	Land & development ³ £m	Total property assets £m	Valuation movement ¹ %	Topped up net initial yield ² %	Net true equivalent yield ² %	Vacancy by ERV ^{2 4} %
UK									
Big box warehouses (>10,000 sq m)	815,968	815,968	1,444.3		1,444.3	6.0	4.1	4.8	3.5
Urban warehouses and light industrial buildings	1,088,108	1,088,108	3,342.4		3,342.4	7.3	3.6	4.7	7.0
Urban warehouses used as data centres	103,127	103,127	386.3		386.3	1.9	4.8	5.1	0.0
Higher value and other uses of industrial land ⁵	122,850	122,850	335.1		335.1	4.5	5.4	5.3	4.9
	2,130,053	2,130,053	5,508.1	441.3	5,949.4	6.4	3.9	4.8	5.4
CONTINENTAL EUROPE									
Big box warehouses (>10,000 sq m)	4,127,822	2,401,958	1,780.0		1,780.0	2.8	5.7	5.7	3.2
Urban warehouses and light industrial buildings	626,753	555,650	541.0		541.0	1.7	6.2	6.3	4.1
Urban warehouses used as data centres	–	–	–		–	–	–	–	–
Higher value and other uses of industrial land ⁵	9,025	7,780	7.9		7.9	0.9	4.7	6.9	35.5
	4,763,600	2,965,388	2,328.9	498.4	2,827.3	2.6	5.8	5.9	3.6
GROUP									
Big box warehouses (>10,000 sq m)	4,943,790	3,217,926	3,224.3		3,224.3	4.3	5.0	5.3	3.3
Urban warehouses and light industrial buildings	1,714,861	1,643,758	3,883.4		3,883.4	6.5	4.0	4.9	6.5
Urban warehouses used as data centres	103,127	103,127	386.3		386.3	1.9	4.8	5.1	0.0
Higher value and other uses of industrial land ⁵	131,875	130,630	343.0		343.0	4.4	5.3	5.3	6.3
	6,893,653	5,095,441	7,837.0	939.7	8,776.7	5.3	4.5	5.1	4.8
BY OWNERSHIP									
Wholly owned	3,297,229	3,297,229	6,559.4	823.7	7,383.1	5.8	4.2	5.0	5.4
Joint ventures	3,596,424	1,798,212	1,277.6	116.0	1,393.6	3.0	5.8	5.8	2.3
GROUP TOTAL	6,893,653	5,095,441	7,837.0	939.7	8,776.7	5.3	4.5	5.1	4.8

1 The valuation movement percentage is based on the difference between the opening and closing valuations for SEGRO's share of properties held throughout the period, allowing for capital expenditure, acquisitions and disposals.

2 In relation to SEGRO's share of completed properties.

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

4 Vacancy rate excluding short term lettings for the Group at 30 June 2018 is 5.2%.

5 "Higher value uses" include offices and retail uses such as trade counters, car showrooms and self storage facilities.

SUMMARY ANALYSIS AS AT 30 JUNE 2018

BY GEOGRAPHY	Lettable area (100%) sq m	Lettable area (share) sq m	Valuation (SEGRO share)		Total property assets £m	Assets under management £m	Valuation movement ¹ %	Topped-up net initial yield ² %	Net true equivalent yield ² %	Vacancy by ERV ^{2,3} %
			Completed £m	Land & development £m						
UK										
London Airports (primarily Heathrow)	492,305	492,305	1,599.8	106.0	1,705.8	1,705.8	7.2	3.8	4.9	3.2
Park Royal	429,916	429,916	1,332.9	5.3	1,338.2	1,338.2	8.0	3.5	4.2	4.2
Rest of Greater London	163,240	163,240	414.6	46.9	461.5	461.5	13.5	2.9	4.5	16.2
GREATER LONDON	1,085,461	1,085,461	3,347.3	158.2	3,505.5	3,505.5	8.1	3.6	4.6	5.1
Slough Trading Estate	515,608	515,608	1,431.8	54.2	1,486.0	1,486.0	4.2	4.5	5.0	4.3
Rest of South-East England	16,713	16,713	46.9	19.5	66.4	66.4	1.4	2.9	5.1	38.2
National Logistics	512,271	512,271	682.1	209.4	891.5	897.1	3.0	4.6	5.2	6.8
THAMES VALLEY AND NATIONAL LOGISTICS	1,044,592	1,044,592	2,160.8	283.1	2,443.9	2,449.5	3.8	4.5	5.1	5.9
UK TOTAL	2,130,053	2,130,053	5,508.1	441.3	5,949.4	5,955.0	6.4	3.9	4.8	5.4
CONTINENTAL EUROPE										
Germany/Austria	1,237,199	727,217	700.7	153.6	854.3	1,296.2	2.1	5.1	5.4	5.5
Belgium/Netherlands	293,398	184,128	112.3	22.6	134.9	237.7	(2.2)	6.3	6.1	5.5
NORTHERN EUROPE	1,530,597	911,345	813.0	176.2	989.2	1,533.9	1.4	5.3	5.5	5.5
France	1,106,224	725,557	679.6	80.0	759.6	1,056.3	4.5	5.7	5.7	2.2
Italy/Spain	757,858	561,558	356.0	184.9	540.9	694.9	3.4	5.8	5.8	1.8
SOUTHERN EUROPE	1,864,082	1,287,115	1,035.6	264.9	1,300.5	1,751.2	4.1	5.7	5.7	2.0
Poland	1,229,255	697,094	429.4	39.1	468.5	802.7	1.4	6.9	6.8	3.9
Czech Republic/Hungary	139,666	69,834	50.9	18.2	69.1	131.3	2.2	6.3	6.5	3.3
CENTRAL EUROPE	1,368,921	766,928	480.3	57.3	537.6	934.0	1.5	6.8	6.7	3.8
CONTINENTAL EUROPE TOTAL	4,763,600	2,965,388	2,328.9	498.4	2,827.3	4,219.1	2.6	5.8	5.9	3.6
GROUP TOTAL	6,893,653	5,095,441	7,837.0	939.7	8,776.7	10,174.1	5.3	4.5	5.1	4.8

¹ The valuation movement percentage is based on the difference between the opening and closing valuations for SEGRO's share of properties held throughout the period, allowing for capital expenditure, acquisitions and disposals.

² In relation to SEGRO's share of completed properties.

³ Vacancy rate excluding short term lettings for the Group at 30 June 2018 is 5.2%.

ANALYSIS OF COMPLETED PORTFOLIO AS AT 30 JUNE 2018

	Lettable area (100%) sq m	Lettable area (share) sq m	Valuation (SEGRO share)				Assets under management £m	Passing rent¹ £m	Headline rent¹ £m	Headline rent £ per sq m¹	ERV² £m
			Investment properties £m	Trading properties £m	Joint ventures £m	Total £m					
UK											
BY ASSET TYPE											
Big box warehouses (>10,000 sq m)	815,968	815,968	1,444.2	–	–	1,444.2	1,444.2	59.1	60.3	77.5	72.0
Urban warehouses and light industrial buildings	1,088,108	1,088,108	3,342.4	–	–	3,342.4	3,342.4	120.0	129.3	129.8	165.0
Urban warehouses used as data centres	103,127	103,127	386.3	–	–	386.3	386.3	17.4	18.7	181.2	19.4
Higher value and other uses of industrial land	122,850	122,850	335.2	–	–	335.2	335.2	18.6	19.4	173.2	19.9
	2,130,053	2,130,053	5,508.1	–	–	5,508.1	5,508.1	215.1	227.7	114.5	276.3
BY GEOGRAPHY											
London Airports (primarily Heathrow)	492,305	492,305	1,599.8	–	–	1,599.8	1,599.8	62.9	65.7	139.1	85.1
Park Royal	429,916	429,916	1,332.9	–	–	1,332.9	1,332.9	44.8	48.9	119.6	59.2
Rest of Greater London	163,240	163,240	414.6	–	–	414.6	414.6	13.2	14.0	101.3	20.1
GREATER LONDON	1,085,461	1,085,461	3,347.3	–	–	3,347.3	3,347.3	120.9	128.6	126.1	164.4
Slough Trading Estate	515,608	515,608	1,431.8	–	–	1,431.8	1,431.8	62.4	66.1	135.7	72.2
Rest of South-East England	16,713	16,713	46.9	–	–	46.9	46.9	1.5	1.5	174.5	2.5
National Logistics	512,271	512,271	682.1	–	–	682.1	682.1	30.3	31.5	66.4	37.2
THAMES VALLEY AND NATIONAL LOGISTICS	1,044,592	1,044,592	2,160.8	–	–	2,160.8	2,160.8	94.2	99.1	102.2	111.9
UK TOTAL	2,130,053	2,130,053	5,508.1	–	–	5,508.1	5,508.1	215.1	227.7	114.5	276.3
CONTINENTAL EUROPE											
BY ASSET TYPE											
Big box warehouses (>10,000 sq m)	4,127,822	2,401,958	554.6	–	1,225.5	1,780.1	3,005.5	97.7	107.9	46.5	108.9
Urban warehouses and light industrial buildings	626,753	555,650	488.4	3.1	49.5	541.0	590.4	33.0	36.4	68.1	36.2
Urban warehouses used as data centres	–	–	–	–	–	–	–	–	–	–	–
Higher value and other uses of industrial land	9,025	7,780	5.2	–	2.6	7.8	10.5	0.6	0.6	161.5	0.9
	4,763,600	2,965,388	1,048.2	3.1	1,277.6	2,328.9	3,606.4	131.3	144.9	50.7	146.0

ANALYSIS OF COMPLETED PORTFOLIO AS AT 30 JUNE 2018

	Lettable area (100%) sq m	Lettable area (share) sq m	Valuation (SEGRO share)				Assets under management £m	Passing rent ¹ £m	Headline rent ¹ £m	Headline rent £ per sq m ¹	ERV ² £m
	Investment properties £m	Trading properties £m	Joint ventures £m	Total £m							
CONTINENTAL EUROPE CONTINUED											
BY GEOGRAPHY											
Germany/Austria	1,237,199	727,217	284.7	–	416.0	700.7	1,116.7	37.2	40.2	57.5	41.3
Belgium/Netherlands	293,398	184,128	21.6	–	90.7	112.3	202.9	8.4	8.7	51.1	8.7
NORTHERN EUROPE	1,530,597	911,345	306.3	–	506.7	813.0	1,319.6	45.6	48.9	108.6	50.0
France	1,106,224	725,557	383.0	–	296.7	679.7	976.3	35.7	41.3	58.6	41.2
Italy/Spain	757,858	561,558	229.2	3.1	123.6	355.9	479.6	20.4	21.1	38.2	21.6
SOUTHERN EUROPE	1,864,082	1,287,115	612.2	3.1	420.3	1,035.6	1,455.9	56.1	62.4	96.8	62.8
Poland	1,229,255	697,094	129.7	–	299.7	429.4	729.2	26.9	30.3	45.5	29.8
Czech Republic/Hungary	139,666	69,834	–	–	50.9	50.9	101.7	2.7	3.3	48.1	3.4
CENTRAL EUROPE	1,368,921	766,928	129.7	–	350.6	480.3	830.9	29.6	33.6	93.6	33.2
CONTINENTAL EUROPE TOTAL	4,763,600	2,965,388	1,048.2	3.1	1,277.6	2,328.9	3,606.4	131.3	144.9	50.7	146.0
GROUP											
BY ASSET TYPE											
Big box warehouses (>10,000 sq m)	4,943,790	3,217,926	1,998.8	–	1,225.5	3,224.3	4,449.8	156.8	168.2	54.2	181.0
Urban warehouses and light industrial buildings	1,714,861	1,643,758	3,830.8	3.1	49.5	3,883.4	3,932.8	153.0	165.7	108.3	201.1
Urban warehouses used as data centres	103,127	103,127	386.3	–	–	386.3	386.3	17.4	18.7	181.2	19.4
Higher value and other uses of industrial land	131,875	130,630	340.4	–	2.6	343.0	345.6	19.2	20.0	172.9	20.8
COMPLETED PORTFOLIO	6,893,653	5,095,441	6,556.3	3.1	1,277.6	7,837.0	9,114.5	346.4	372.6	76.8	422.3
BY OWNERSHIP											
Wholly owned	3,297,229	3,297,229	6,556.3	3.1	–	6,559.4	6,559.4	273.5	292.9	94.3	343.1
Joint ventures	3,596,424	1,798,212	–	–	1,277.6	1,277.6	2,555.1	72.9	79.7	45.7	79.2
COMPLETED PORTFOLIO	6,893,653	5,095,441	6,556.3	3.1	1,277.6	7,837.0	9,114.5	346.4	372.6	76.8	422.3

1 In respect of occupied space only; SEGRO share.

2 On a fully occupied basis; SEGRO share.

SUPPLEMENTARY DATA AS AT 30 JUNE 2018

LEASING DATA¹ FOR PERIOD TO 30 JUNE

		2018	2017
Take-up of existing space ² (A)	£m	5.9	3.5
Space returned ³ (B)	£m	(6.8)	(3.0)
Other rental movements (rent reviews, renewals, indexation) ² (C)	£m	2.3	2.4
Rent roll growth from existing space (A+B+C)	£m	1.4	2.9
Take-up of pre-let developments completed in the period — signed in prior years ² (D)	£m	11.7	3.0
Take-up of speculative developments completed in the past two years ² (D)	£m	3.3	3.8
Total take-up² (A+C+D)	£m	23.2	12.7
Less take-up of space signed in previous periods ²	£m	(13.8)	(3.6)
Pre-lets signed in the period for delivery in later periods ²	£m	30.4	18.4
Rental income contracted in the period²	£m	39.8	27.5
Take-back of space for re-development	£m	(0.1)	(2.6)
Retention rate ⁴	%	91.0	92.1

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

2 Headline rent.

3 Headline rent, excluding space taken back for redevelopment.

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

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

RECONCILIATION BETWEEN PASSING RENT AND ERV

	UK £m	Continental Europe £m	Group £m
PASSING RENT PER VALUATION	222.5	133.5	356.0
Valuation adjustments (incl outstanding rent reviews, rent in arrears)	(6.7)	(1.9)	(8.6)
Less rents from short term lettings	(0.7)	(0.3)	(1.0)
SEGRO PASSING RENT	215.1	131.3	346.4
Adjustment for notional rent in respect of rent-free periods	12.6	13.6	26.2
SEGRO CONTRACTED HEADLINE RENT	227.7	144.9	372.6
ERV of vacant properties	16.0	5.9	21.9
Reversion to ERV for properties occupied	32.6	(4.8)	27.8
ERV OF COMPLETED PORTFOLIO	276.3	146.0	422.3

RENT CHANGE ON RENT REVIEW AND LEASE RENEWALS DURING THE PERIOD

	Headline rent of leases subject to review or renewal £m	New headline rent agreed £m	Change %
Greater London	8.7	9.5	8.7%
Thames Valley and National Logistics	6.3	6.8	8.7%
UK TOTAL	15.0	16.3	8.7%
Northern Europe ⁵	2.0	2.0	-1.6%
Southern Europe ⁵	1.8	1.7	-3.2%
Central Europe ⁵	2.0	2.0	-3.0%
CONTINENTAL EUROPE TOTAL⁵	5.8	5.7	-2.6%
GROUP TOTAL	20.8	22.0	5.5%

SUPPLEMENTARY DATA AS AT 30 JUNE 2018

LEASE BREAK OPTIONS & EXPIRIES

	H2 2018 £m	2019 £m	2020 £m	2021 £m	2022 £m
Headline rent (SEGRO share)					
UK	7.2	11.1	6.2	8.2	7.8
Continental Europe	3.2	10.0	8.4	10.5	5.0
GROUP TOTAL – LEASE BREAK OPTIONS	10.4	21.1	14.6	18.7	12.8
UK	6.9	8.0	14.5	14.8	15.9
Continental Europe	6.5	10.9	8.7	8.7	9.7
GROUP TOTAL – LEASE EXPIRIES ASSUMING NO BREAKS ARE EXERCISED	13.4	18.9	23.2	23.5	25.6
UK	–	(0.8)	(1.5)	(4.1)	(3.4)
Continental Europe	–	(3.0)	(2.1)	(4.5)	(3.7)
GROUP TOTAL – DEDUCTION ASSUMING ALL BREAKS ARE EXERCISED	–	(3.8)	(3.6)	(8.6)	(7.1)
GROUP TOTAL – LEASE EXPIRIES AND POTENTIAL BREAKS	23.8	36.2	34.2	33.6	31.3

Estimated Rental Value (ERV; SEGRO share)

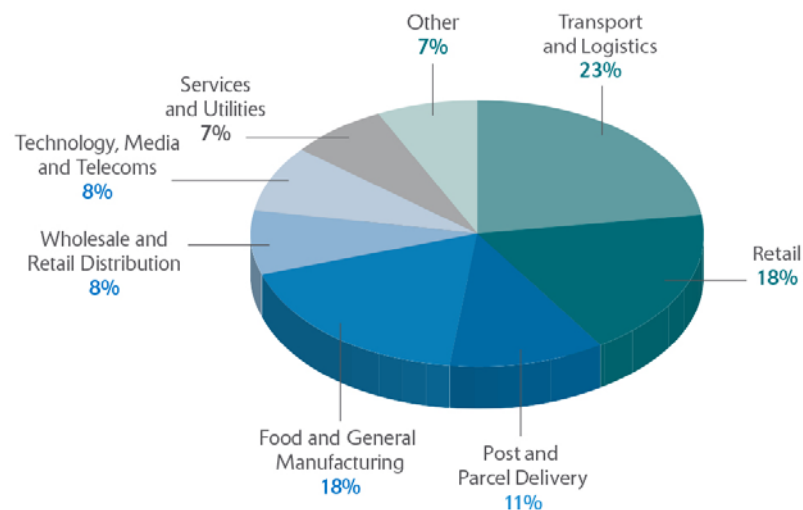
UK	14.1	30.3	21.6	19.8	21.8
Continental Europe	9.2	17.2	14.5	14.0	10.4
GROUP TOTAL – ERV OF LEASES SUBJECT TO BREAK OPTION OR EXPIRY	23.3	47.5	36.1	33.8	32.2

RENT SUBJECT TO REVIEW

	H2 2018 £m	2019 £m	2020 £m	2021 £m	2022 £m
Headline rent					
Greater London	12.4	8.0	10.7	13.8	7.8
Thames Valley & National Logistics	14.4	15.5	16.1	15.0	9.1
UK TOTAL	26.8	23.5	26.8	28.8	16.9
Estimated Rental Value (ERV)					
Greater London	13.3	8.5	11.5	14.3	7.9
Thames Valley & National Logistics	16.8	18.8	18.1	16.3	9.7
UK TOTAL	30.1	27.3	29.6	30.6	17.6

CUSTOMER TYPES AS AT 30 JUNE 2018

Customer type by headline rent



WEIGHTED AVERAGE LEASE LENGTH¹

By geography	Break years	Expiry years
UK	8.9	10.6
Continental Europe	5.6	6.9
GROUP TOTAL	7.6	9.2

¹ Weighted by headline rent (including SEGRO share of properties in joint ventures).

TOP 20 CUSTOMERS

CUSTOMER (BY HEADLINE RENT)

CUSTOMER TYPE

Deutsche Post	Post & Parcel Delivery; Transport & Logistics
Amazon	Retail - pure online retail
Federal Express Group	Post & Parcel Delivery
Worldwide Flight Services	Transport & Logistics
Royal Mail	Post & Parcel Delivery
British Airways	Other
Sainsburys	Retail
Equinix	Technology, Media and Telecoms
Tesco / Booker	Retail and Retail Distribution
DPD	Post & Parcel Delivery
DSV	Transport & Logistics
Yoox Net-A-Porter	Retail - pure online retail
Virtus	Technology, Media and Telecoms
Mars	Manufacturing
ID Logistics	Transport & Logistics
Geodis	Transport & Logistics
Hermes Parcelnet	Post & Parcel Delivery
Wincanton Group	Transport & Logistics
Leroy Merlin	Retail
Marks and Spencer	Retail

The top 20 customers represent headline rent of £120.1 million in aggregate, 32% of the Group's total headline rent at 30 June 2018 (SEGRO share).

DEVELOPMENT PIPELINE AS AT 30 JUNE 2018

SUMMARY DEVELOPMENT PIPELINE

	Hectarage (100%) ha	Space to be built (100%) sq m	Current book value ¹ £m	Estimated cost to completion ² £m	ERV when complete ³ £m	Pre-let (ERV) £m	Estimated yield on cost ⁴ %
CURRENT DEVELOPMENT PIPELINE (A) (see pages 14 to 16)							
UK — wholly-owned	44.6	242,290	132.0	182.2	18.7	15.2	6.5%
Continental Europe — wholly-owned	75.8	499,528	239.7	189.3	27.2 ⁵	19.7	7.4%
Continental Europe — joint ventures	68.4	334,471	57.0	54.3	7.9	3.4	7.5%
	188.8	1,076,289	428.7	425.8	53.8	38.3	7.1%
FUTURE DEVELOPMENT PIPELINE (B)							
UK — wholly-owned	124.0	413,895	221.8	317.0	39.1	–	7.3%
Continental Europe — wholly-owned	196.4	814,348	130.3	509.5	49.2	–	7.7%
Continental Europe — joint ventures	203.8	971,750	54.5	216.8	19.9	–	7.4%
	524.2	2,199,993	406.6	1,043.3	108.2	–	7.5%
TOTAL DEVELOPMENT PIPELINE (A+B)	713.0	3,276,282	835.3	1,469.2	162.0	38.3	
Land subject to conditional sale agreement for alternative use	6.9		46.1				
Land subject to sale on turnkey developments	11.3		22.0				
Other land	139.0		36.3				
TOTAL DEVELOPMENT PIPELINE AND OTHER LAND	870.2		939.7				

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

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

³ ERV based upon market rents as at 30 June 2018.

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

⁵ Approximately £8.1 million is associated with big box warehouses built by SEGRO/Vailog for which SELP has the option, but not the obligation, to acquire shortly after completion. Any acquisition is carried out based on the most recent valuation and the effective impact on SEGRO would be receipt of 50 per cent of the proceeds and a loss of 50 per cent of the rent.

DEVELOPMENT PIPELINE AS AT 30 JUNE 2018

CURRENT DEVELOPMENT PROJECTS

Business Unit/Country	City/Estate	Development type and customer	Asset class	Ownership %	Space to be built (100%) sq m	Actual/ Expected start	Expected completion
UK							
Greater London	SEGRO Park Enfield	Speculative	Urban warehouses	100	20,440	Jun 18	May 19
Greater London	Stansted	Pre-let — Fedex	Urban warehouses	100	1,858	Apr 18	Nov 18
Greater London	SEGRO Park Newham	Pre-let — DHL / Travelodge	Urban warehouses	100	7,846	Jul 18	Aug 19
Thames Valley	Bracknell	Pre-let — Midwich	Urban warehouses	100	2,939	Apr 18	Jan 19
Thames Valley	Slough Trading Estate	Pre-let — China Mobile	Data centre	100	5,063	Dec 17	Dec 18
Thames Valley	Slough Trading Estate	Speculative	Urban warehouses	100	4,721	Apr 17	Sep 19
Thames Valley	Slough Trading Estate	Speculative	Higher value use (Car Park)	100	n/a	Nov 18	Mar 19
National Logisitcs	SLP East Midlands Gateway	Pre-let — Online retailer, Kuehne & Nagel, XPO Logistics	Big box warehouse	100	199,423	Apr 18	Apr 19
					242,290		
Percentage let (at 30 June 2018)				81%			
Estimated yield on cost				6.5%			

DEVELOPMENT PIPELINE AS AT 30 JUNE 2018

CURRENT DEVELOPMENT PROJECTS

Business Unit/Country	City/Estate	Development type and customer	Asset class	Ownership %	Space to be built (100%) sq m	Actual/Expected start	Expected completion
CONTINENTAL EUROPE							
France	Paris	Pre-let — Chronopost	Big box warehouse	100	11,415	Nov 17	Jul 18
France	Paris	Pre-let — Leroy Merlin / IKEA	Urban warehouses	100	62,780	Sep 17	Dec 18
Italy	Bologna ²	Speculative	Big box warehouse	100	20,000	Sep 18	Feb 19
Italy	Milan ²	Pre-let — Fiege	Big box warehouse	100	52,716	Apr 18	Oct 18
Italy	Milan ²	Pre-let — ALDI	Big box warehouse	100	55,759	Apr 18	Jun 19
Italy	Milan ²	Pre-let — Online retailer	Big box warehouse	100	34,954	Nov 17	Aug 18
Italy	Turin ²	Pre-let — Online retailer	Big box warehouse	100	17,457	Feb 18	Jul 18
Italy	Verona	Pre-let — Zalando	Big box warehouse	100	126,587	Feb 18	Mar 19
Italy	Verona	Pre-let — Online retailer	Urban warehouses	100	11,169	Sep 18	May 19
Spain	Barcelona	Speculative	Big box warehouse	50	19,146	Jan 18	Oct 18
Spain	Barcelona	Speculative	Big box warehouse	50	28,960	Jul 18	Feb 19
Spain	Madrid	Speculative	Big box warehouse	50	46,000	Jul 18	Mar 19
Germany	Berlin	Speculative	Urban warehouses	100	12,441	Jun 18	Mar 19
Germany	Berlin	Speculative	Big box warehouse	50	17,139	Apr 18	Sep 18
Germany	Cologne	Speculative	Urban warehouses	100	25,637	Feb 18	Oct 18
Germany	Düsseldorf	Pre-let — B+S GmbH	Big box warehouse	50	16,492	Jun 18	Jan 19
Germany	Düsseldorf	Speculative	Big box warehouse	50	10,432	Sep 18	Apr 19
Germany	Düsseldorf	Speculative	Urban warehouses	100	22,049	Mar 18	Jul 18
Germany	Frankfurt	Pre-let / Spec — Stute Logistics	Big box warehouse	100	28,628	Aug 18	May 19
Germany	Leipzig	Pre-let — Porsche	Big box warehouse	50	23,309	Jul 18	Feb 19
Germany	Munich	Speculative	Big box warehouse	50	12,484	Jun 18	Jan 19
Germany	Stuttgart	Speculative	Urban warehouses	100	13,796	Mar 18	Aug 18
Germany	Stuttgart	Pre-let — DPA Dräxlmaier	Urban warehouses	100	3,868	May 18	Nov 18
Germany	Stuttgart	Pre-let — Porsche	Big box warehouse	100	11,273	Mar 18	Nov 18

DEVELOPMENT PIPELINE AS AT 30 JUNE 2018

CURRENT DEVELOPMENT PROJECTS

Business Unit/Country	City/Estate	Development type and customer	Asset class	Ownership %	Space to be built (100%) sq m	Actual/Expected start	Expected completion
CONTINENTAL EUROPE CONTINUED							
Austria	Vienna	Speculative	Urban warehouses	100	12,297	Nov 17	Aug 18
Netherlands	Amsterdam	Speculative	Urban warehouses	50	11,296	Jan 18	Sep 18
Czech Republic	Prague	Pre-let — Bodycote / Tamda	Big box warehouse	50	29,656	Mar 18	Sep 18
Poland	Gliwice	Pre-let — JAC	Big box warehouse	50	14,000	Jan 18	Oct 18
Poland	Lodz	Pre-let — JAS	Big box warehouse	50	6,600	May 18	Nov 18
Poland	Strykow	Pre-let — LPP	Big box warehouse	50	16,332	May 18	Sep 18
Poland	Strykow	Pre-let — Valeo	Big box warehouse	50	3,256	Sep 18	Mar 19
Poland	Strykow	Pre-let — Corning	Big box warehouse	50	39,401	Dec 17	Jul 18
Poland	Tychy	Pre-let — Schöck	Big box warehouse	50	4,050	May 18	Dec 18
Poland	Tychy	Speculative	Big box warehouse	50	7,290	May 18	Jan 19
Poland	Wroclaw	Pre-let — DPD / Inpost	Urban warehouses	100	5,330	May 18	Nov 18
					833,999		
Percentage let (at 30 June 2018)					66%		
Estimated yield on cost					7.4%		
TOTAL					1,076,289		
Percentage let (at 30 June 2018)					71%		
Estimated yield on cost					7.1%		

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

2 This development is a big box warehouse built by SEGRO/Vailog for which SELP has the option, but not the obligation, to acquire shortly after completion.

DEVELOPMENT PIPELINE AS AT 30 JUNE 2018

DEVELOPMENT PROJECTS COMPLETED IN H1 2018

Business Unit/Country	City/Estate	Customer	Asset class	Ownership %	Completed (space, 100%) sq m	Let (space, 100%) sq m	Total ERV (share) £m	ERV of let space (share) £m	Total capital expenditure (share) £m	Completed
UK										
Thames Valley	Slough Trading Estate	Pre-let — Premier Inn & Costa	Higher value use	100	5,358	4,982			10.5	Feb 18
Thames Valley	Slough Trading Estate	Speculative	Urban warehousing	100	5,625	4,566			5.8	Feb 18
Thames Valley	Slough Trading Estate	Pre-let — Virtus	Data centre	100	5,195	5,195			6.1	Jun 18
Greater London	SEGRO Park Rainham	Speculative	Urban warehousing	100	23,363	2,738			25.9	Jun 18
Greater London	SEGRO Park Newham	Pre-let — DPD	Urban warehousing	100	4,227	4,227			9.3	Jun 18
Greater London	Victoria Ind. Estate	Pre-let — Travelodge	Higher value use	100	2,963	2,963			10.7	May 18
					46,731	24,671	6.8	4.2	68.3	
Percentage let (at 30 June 2018)						62%				
CONTINENTAL EUROPE										
France	Lyon	Pre-let — Lidl	Big box warehouse	100	46,422	46,422			30.1	Mar 18
France	Paris	Pre-let — Carrefour	Big box warehouse	100	26,644	26,644			18.2	Mar 18
Italy	Milan	Pre-let — Online retailer	Urban warehousing	100	6,206	6,206			3.8	May 18
Italy	Milan	Pre-let — Yoox	Big box warehouse	100	60,069	60,069			22.4	May 18
Italy	Milan	Pre-let — Close2You	Big box warehouse	100	22,578	22,578			8.5	Jun 18
Germany	Berlin	Speculative	Urban warehousing	100	15,560	10,732			10.6	Mar 18
Germany	Frankfurt	Speculative	Big box warehouse	50	18,580	18,580			4.9	Jun 18
Germany	Frankfurt	Speculative	Urban warehousing	100	18,694	2,892			14.2	Mar 18
Netherlands	Amsterdam	Speculative	Big box warehouse	50	10,827	10,827			2.6	Mar 18
Poland	Ozarow	Pre-let — DSV	Urban warehousing	100	7,749	7,749			3.4	May 18
					233,329	212,699	12.3	10.6	118.7	
Percentage let (at 30 June 2018)						86%				
TOTAL					280,060	237,370	19.1	14.8	187.0	
Total percentage let (at 30 June 2018)						78%				

GLOSSARY OF TERMS

Completed portfolio

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

Development pipeline

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

EPRA

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

Estimated cost to completion

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

Estimated rental value (ERV)

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

Headline rent

The annual rental income currently receivable on a property as at the balance sheet date (which may be more or less than the ERV) ignoring any rent-free period.

Hectares (Ha)

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

Investment property

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

Joint venture

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

Net 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.

Net rental income

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

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. Rent is assumed to be paid quarterly in advance, in line with standard UK lease terms.

Passing rent

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

Pre-let

A lease signed with an occupier prior to commencing construction of a building.

REIT

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

GLOSSARY OF TERMS

Rent-free period

An incentive provided usually at commencement of a lease during which a customer pays no rent. The amount of rent free is the difference between passing rent and headline rent.

Rent roll

See Passing Rent.

Speculative development

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

Square metres (sq m)

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

Take-back

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

Topped up net initial yield

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

Total capital expenditure

Total capital expenditure excluding land value.

Trading property

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

Yield on cost

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

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