

SEGRO

2017

FULL YEAR
PROPERTY ANALYSIS REPORT



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ABOUT SEGRO

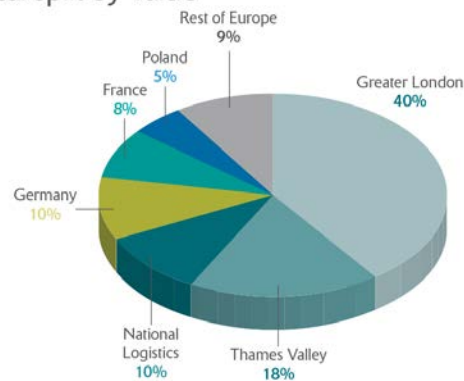
SEGRO is a leading owner, asset manager and developer of modern warehousing and light industrial properties, with £9.3 billion of assets under management (£8.0 billion including SEGRO's share of joint ventures). The assets are principally concentrated in key conurbations and major distribution hubs in ten European countries.

The Group serves customers spread across a diverse range of industry sectors. It has 6.7 million square metres of built space under management and annual rental income of £324 million at share.

OVERVIEW

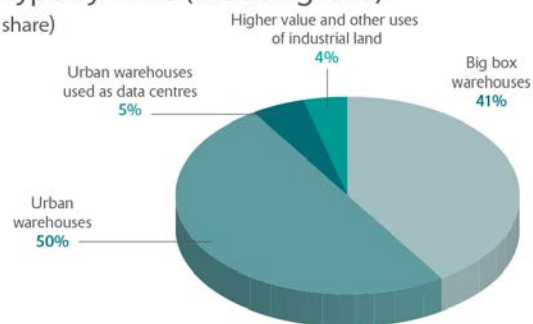
Geographical split by value

(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 31 DECEMBER 2017

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		5,510.3	2,528.4	8,038.7
Less land and development properties (investment, trading and joint ventures)		(451.6)	(426.7)	(878.3)
NET VALUATION OF COMPLETED PROPERTIES		5,058.7	2,101.7	7,160.4
Add notional purchasers' costs		340.9	99.8	440.7
GROSS VALUATION OF COMPLETED PROPERTIES INCLUDING NOTIONAL PURCHASERS' COSTS	A	5,399.6	2,201.5	7,601.1
Rental income		£m	£m	£m
Gross passing rent ²		213.1	122.5	335.6
Less irrecoverable property costs		(3.0)	(5.4)	(8.4)
NET PASSING RENT	B	210.1	117.1	327.2
Adjustment for notional rent in respect of rent free periods		18.3	16.3	34.6
TOPPED UP NET RENT	C	228.4	133.4	361.8
Including future fixed/minimum uplifts ⁴		9.0	1.1	10.1
TOTAL TOPPED UP NET RENT		237.4	134.5	371.9
Yields		%	%	%
EPRA net initial yield ³	B/A	3.9	5.3	4.3
EPRA topped up net initial yield ³	C/A	4.2	6.1	4.8
Net true equivalent yield		5.0	6.0	5.3

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

2 Gross passing rent excludes short term lettings and licences.

3 In accordance with the Best Practices Recommendations of EPRA.

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

COMBINED PROPERTY PORTFOLIO AS AT 31 DECEMBER 2017

Analysis of unrealised valuation movements	Value at 31 December 2017 £m	Valuation movement ¹ %
Properties held throughout the period	6,637.3	13.2
Properties acquired during the period ^{2 3}	71.6	6.1
Developments completed during the period	451.5	30.3
COMPLETED PROPERTIES	7,160.4	14.0
Buildings under construction	323.4	28.0
Land ²	554.9	2.4
WHOLE PORTFOLIO	8,038.7	13.6

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.

3 APP acquisition has been included within properties held throughout the period.

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)	566.6	780.1	385.6	256.4	55.6	280.3	39.1	472.8	91.8	2,928.3
Urban warehouses and light industrial buildings	2,334.6	718.4	171.0	9.2	10.5	117.6	10.6	178.6	14.8	3,565.3
Urban warehouses used as data centres	10.4	361.4	–	–	–	–	–	–	–	371.8
Higher value and other uses of industrial land ¹	110.9	176.3	1.4	0.7	–	3.1	–	–	2.6	295.0
COMPLETED PROPERTIES (SEGRO SHARE)	3,022.5	2,036.2	558.0	266.3	66.1	401.0	49.7	651.4	109.2	7,160.4
COMPLETED PROPERTIES (AUM)	3,022.5	2,036.2	838.6	327.3	83.0	705.3	99.4	1,044.2	193.8	8,350.3

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

COMBINED PROPERTY PORTFOLIO AS AT 31 DECEMBER 2017

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	503,210	64.1	3.2%	8.6	Multi-let urban warehouse estate
Heathrow Cargo Centre (Shoreham Road)	100	Heathrow	94,154	10.6	0.0%	4.6	Multi-let cargo facility
Premier Park	100	Park Royal	78,431	10.1	1.7%	5.1	Multi-let urban warehouse estate
Greenford Park	100	Park Royal	79,507	10.0	0.0%	6.8	Multi-let urban warehouse estate
SEGRO Logistics Park Rugby Gateway	100	Midlands	113,413	8.5	0.0%	10.9	Big box warehouse park
North Feltham Trading Estate	100	Heathrow	65,993	6.7	22.0%	4.9	Multi-let urban warehouse estate
Metropolitan Park	100	Park Royal	70,003	7.1	5.2%	3.1	Multi-let urban warehouse estate
Axis Park	100	Heathrow	61,753	8.1	0.0%	3.2	Multi-let urban warehouse estate
BA World Cargo Centre	100	Heathrow	n/a	Conf	0.0%	33.3	Single-let cargo facility
SEGRO Logistics Park East Midlands Gateway	100	Midlands	n/a	n/a	n/a	n/a	Development site
CONTINENTAL EUROPE							
SEGRO Logistics Park Krefeld-Süd	50	Germany	191,644	4.7	0.0%	6.7	Big box warehouse park
VAILOG DC 1 Rome	100	Italy	158,373	Conf	0.0%	14.6	Single-let big box warehouse
SEGRO Park Düsseldorf-Süd	100	Germany	79,921	5.0	0.0%	7.1	Multi-let urban warehouse estate
SEGRO Logistics Park Poznan, Komorniki	50	Poland	206,834	4.5	0.3%	7.1	Big box warehouse park
SEGRO Logistics Park Stryków	50	Poland	227,020	4.2	0.6%	3.9	Big box warehouse park
SEGRO Logistics Park Gliwice	50	Poland	223,751	4.3	13.3%	3.7	Big box warehouse park
SEGRO Business Park Le Blanc-Mesnil	100	France	37,847	3.9	0.0%	3.0	Multi-let urban warehouse estate
VAILOG Interporto Bologna	50 / 100	Italy	71,918	2.6	0.0%	9.9	Big box warehouse park
SEGRO Logistics Park Prague	50 / 100	Czech Rep.	139,668	3.2	5.5%	3.1	Big box warehouse park
SEGRO Logistics Park Aulnay	100	France	n/a	n/a	n/a	n/a	Development site

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

SUMMARY ANALYSIS AS AT 31 DECEMBER 2017

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	1,346.7		1,346.7	10.7	4.4	5.0	3.5
Urban warehouses and light industrial buildings	1,072,649	1,072,649	3,053.0		3,053.0	19.3	3.9	4.9	5.6
Urban warehouses used as data centres	96,385	96,385	371.8		371.8	13.8	4.7	5.1	2.6
Higher value and other uses of industrial land ⁵	108,982	108,982	287.2		287.2	7.0	5.9	5.8	2.3
	2,093,984	2,093,984	5,058.7	451.6	5,510.3	15.8	4.2	5.0	4.6
CONTINENTAL EUROPE									
Big box warehouses (>10,000 sq m)	3,933,314	2,286,507	1,581.6		1,581.6	5.6	6.0	5.9	2.3
Urban warehouses and light industrial buildings	631,143	551,255	512.3		512.3	8.0	6.4	6.2	3.9
Urban warehouses used as data centres	–	–	–		–	–	–	–	–
Higher value and other uses of industrial land ⁵	9,024	7,779	7.8		7.8	(9.3)	4.6	8.0	9.2
	4,573,481	2,845,541	2,101.7	426.7	2,528.4	6.2	6.1	6.0	2.8
GROUP									
Big box warehouses (>10,000 sq m)	4,749,282	3,102,475	2,928.3		2,928.3	8.2	5.3	5.5	2.8
Urban warehouses and light industrial buildings	1,703,792	1,623,904	3,565.3		3,565.3	17.6	4.3	5.1	5.3
Urban warehouses used as data centres	96,385	96,385	371.8		371.8	13.8	4.7	5.1	2.6
Higher value and other uses of industrial land ⁵	118,006	116,761	295.0		295.0	6.5	5.9	5.9	2.5
	6,667,465	4,939,525	7,160.4	878.3	8,038.7	13.2	4.8	5.3	4.0
BY OWNERSHIP									
Wholly owned	3,211,585	3,211,585	5,970.5	787.3	6,757.8	14.9	4.5	5.1	4.3
Joint ventures	3,455,880	1,727,940	1,189.9	91.0	1,280.9	5.0	5.9	6.0	2.5
GROUP TOTAL	6,667,465	4,939,525	7,160.4	878.3	8,038.7	13.2	4.8	5.3	4.0

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 31 December 2017 is 4.5%.

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

SUMMARY ANALYSIS AS AT 31 DECEMBER 2017

BY GEOGRAPHY	Valuation (SEGRO share)					Assets under management £m	Valuation movement ¹ %	Topped-up net initial yield ² %	Net true equivalent yield ² %	Vacancy by ERV ^{2,3} %
	Lettable area (100%) sq m	Lettable area (share) sq m	Completed £m	Land & development £m	Total property assets £m					
UK										
London Airports (primarily Heathrow)	499,191	499,191	1,494.2	86.9	1,581.1	1,581.1	11.1	4.0	5.1	5.0
Park Royal	426,949	426,949	1,226.6	14.3	1,240.9	1,240.9	24.5	3.7	4.5	3.0
Rest of Greater London	135,650	135,650	301.7	103.9	405.6	405.6	24.5	4.0	4.8	4.0
GREATER LONDON	1,061,790	1,061,790	3,022.5	205.1	3,227.6	3,227.6	17.6	3.9	4.8	4.2
Slough Trading Estate	503,210	503,210	1,328.2	78.5	1,406.7	1,406.7	15.8	4.6	5.1	3.2
Rest of South-East England	16,713	16,713	46.2	21.6	67.8	67.8	11.6	2.9	5.5	38.4
National Logistics	512,271	512,271	661.8	146.4	808.2	813.7	8.1	4.9	5.3	6.7
THAMES VALLEY AND NATIONAL LOGISTICS	1,032,194	1,032,194	2,036.2	246.5	2,282.7	2,288.2	13.2	4.7	5.2	5.2
UK TOTAL	2,093,984	2,093,984	5,058.7	451.6	5,510.3	5,515.8	15.8	4.2	5.0	4.6
CONTINENTAL EUROPE										
Germany/Austria	1,215,201	708,851	651.4	145.8	797.2	1,220.0	7.4	5.5	5.4	1.5
Belgium/Netherlands	282,571	178,714	109.2	21.6	130.8	226.6	2.5	6.1	6.4	8.7
NORTHERN EUROPE	1,497,772	887,565	760.6	167.4	928.0	1,446.6	6.5	5.5	5.5	2.8
France	1,040,401	659,735	558.0	108.4	666.4	947.0	10.3	6.1	6.1	2.0
Italy/Spain	668,762	545,701	332.4	110.8	443.2	542.5	3.4	6.0	5.9	0.9
SOUTHERN EUROPE	1,709,163	1,205,436	890.4	219.2	1,109.6	1,489.5	8.7	6.1	6.0	1.6
Poland	1,226,878	682,706	401.0	26.4	427.4	751.4	1.4	7.0	6.9	4.7
Czech Republic/Hungary	139,668	69,834	49.7	13.7	63.4	119.9	8.2	6.2	6.4	5.5
CENTRAL EUROPE	1,366,546	752,540	450.7	40.1	490.8	871.3	2.1	6.9	6.8	4.8
CONTINENTAL EUROPE TOTAL	4,573,481	2,845,541	2,101.7	426.7	2,528.4	3,807.4	6.2	6.1	6.0	2.8
GROUP TOTAL	6,667,465	4,939,525	7,160.4	878.3	8,038.7	9,323.2	13.2	4.8	5.3	4.0

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 31 December 2017 is 4.5%.

ANALYSIS OF COMPLETED PORTFOLIO AS AT 31 DECEMBER 2017

	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 m1	ERV ² £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	1,346.7	–	–	1,346.7	1,346.7	56.5	60.2	77.3	71.0
Urban warehouses and light industrial buildings	1,072,649	1,072,649	3,053.0	–	–	3,053.0	3,053.0	114.4	127.8	128.0	158.2
Urban warehouses used as data centres	96,385	96,385	371.8	–	–	371.8	371.8	15.8	16.8	181.3	17.9
Higher value and other uses of industrial land	108,982	108,982	287.2	–	–	287.2	287.2	17.6	17.8	169.3	18.0
	2,093,984	2,093,984	5,058.7	–	–	5,058.7	5,058.7	204.3	222.6	112.8	265.1
BY GEOGRAPHY											
London Airports (primarily Heathrow)	499,191	499,191	1,494.2	–	–	1,494.2	1,494.2	60.8	64.9	138.3	83.5
Park Royal	426,949	426,949	1,226.6	–	–	1,226.6	1,226.6	42.2	47.9	116.2	57.4
Rest of Greater London	135,650	135,650	301.7	–	–	301.7	301.7	11.0	12.9	98.5	15.7
GREATER LONDON	1,061,790	1,061,790	3,022.5	–	–	3,022.5	3,022.5	114	125.7	124.1	156.6
Slough Trading Estate	503,210	503,210	1,328.2	–	–	1,328.2	1,328.2	61.1	64.1	133.8	68.9
Rest of South-East England	16,713	16,713	46.2	–	–	46.2	46.2	1.5	1.4	174.5	2.5
National Logistics	512,271	512,271	661.8	–	–	661.8	661.8	27.7	31.4	66.2	37.1
THAMES VALLEY AND NATIONAL LOGISTICS	1,032,194	1,032,194	2,036.2	–	–	2,036.2	2,036.2	90.3	96.9	100.8	108.5
UK TOTAL	2,093,984	2,093,984	5,058.7	–	–	5,058.7	5,058.7	204.3	222.6	112.8	265.1
CONTINENTAL EUROPE											
BY ASSET TYPE											
Big box warehouses (>10,000 sq m)	3,933,314	2,286,507	445.2	–	1,136.4	1,581.6	2,718.0	87.2	100.2	45.1	100.6
Urban warehouses and light industrial buildings	631,143	551,255	458.4	3.1	50.8	512.3	563.1	31.9	34.9	67.3	34.8
Urban warehouses used as data centres	–	–	–	–	–	–	–	–	–	–	–
Higher value and other uses of industrial land	9,024	7,779	5.1	–	2.7	7.8	10.5	0.4	0.7	109.6	0.7
	4,573,481	2,845,541	908.7	3.1	1,189.9	2,101.7	3,291.6	119.5	135.8	49.5	136.1

ANALYSIS OF COMPLETED PORTFOLIO AS AT 31 DECEMBER 2017

	Lettable area (100%) sq m	Lettable area (share) sq m	Valuation (SEGRO share)			Total £m	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						
CONTINENTAL EUROPE CONTINUED											
BY GEOGRAPHY											
Germany/Austria	1,215,201	708,851	258.6	–	392.8	651.4	1,044.2	35.0	39.1	56.7	38.9
Belgium/Netherlands	282,571	178,714	24.4	–	84.7	109.1	193.8	8.4	8.3	50.4	8.5
NORTHERN EUROPE	1,497,772	887,565	283.0	–	477.5	760.5	1,238.0	43.4	47.4	107.1	47.4
France	1,040,401	659,735	277.4	–	280.6	558.0	838.6	31.6	36.4	57.2	36.5
Italy/Spain	668,762	545,701	251.6	3.1	77.8	332.5	410.3	17.2	20.0	37.0	20.5
SOUTHERN EUROPE	1,709,163	1,205,436	529.0	3.1	358.4	890.5	1,248.9	48.8	56.4	94.2	57.0
Poland	1,226,878	682,706	96.7	–	304.3	401.0	705.3	25.4	28.8	44.6	28.2
Czech Republic/Hungary	139,668	69,834	–	–	49.7	49.7	99.4	1.9	3.2	47.6	3.5
CENTRAL EUROPE	1,366,546	752,540	96.7	–	354.0	450.7	804.7	27.3	32.0	92.2	31.7
CONTINENTAL EUROPE TOTAL	4,573,481	2,845,541	908.7	3.1	1,189.9	2,101.7	3,291.6	119.5	135.8	49.5	136.1
GROUP											
BY ASSET TYPE											
Big box warehouses (>10,000 sq m)	4,749,282	3,102,475	1,791.9	–	1,136.4	2,928.3	4,064.7	143.7	160.4	53.5	171.6
Urban warehouses and light industrial buildings	1,703,792	1,623,904	3,511.4	3.1	50.8	3,565.3	3,616.1	146.3	162.7	107.3	193.0
Urban warehouses used as data centres	96,385	96,385	371.8	–	–	371.8	371.8	15.8	16.8	181.3	17.9
Higher value and other uses of industrial land	118,006	116,761	292.3	–	2.7	295.0	297.7	18.0	18.5	165.7	18.7
COMPLETED PORTFOLIO	6,667,465	4,939,525	5,967.4	3.1	1,189.9	7,160.4	8,350.3	323.8	358.4	76.0	401.2
BY OWNERSHIP											
Wholly owned	3,211,584	3,211,585	5,967.4	3.1	–	5,970.5	5,970.5	256.3	282.5	92.4	325.6
Joint ventures	3,455,881	1,727,940	–	–	1,189.9	1,189.9	2,379.8	67.5	75.9	45.7	75.6
COMPLETED PORTFOLIO	6,667,465	4,939,525	5,967.4	3.1	1,189.9	7,160.4	8,350.3	323.8	358.4	76.0	401.2

¹ In respect of occupied space only; SEGRO share.

² On a fully occupied basis; SEGRO share.

SUPPLEMENTARY DATA AS AT 31 DECEMBER 2017

LEASING DATA¹ FOR PERIOD TO 31 DECEMBER

		2017	2016
Take-up of existing space ² (A)	£m	13.9	14.2
Space returned ³ (B)	£m	(8.7)	(14.1)
Net absorption of existing space (A-B)	£m	5.2	0.1
Other rental movements (rent reviews, renewals, indexation) ² (C)	£m	4.9	1.9
Rent roll growth from existing space	£m	10.1	2.0
Take-up of pre-let developments completed in the period – signed in prior years ² (D)	£m	22.7	19.0
Take-up of speculative developments completed in the past two years ² (D)	£m	7.9	8.1
Total take-up² (A+C+D)	£m	49.4	43.2
Less take-up of space signed in previous periods ²	£m	(24.5)	(21.7)
Pre-lets signed in the period for delivery in later periods ²	£m	28.6	23.4
Rental income contracted in the period²	£m	53.5	44.9
Take-back of space for re-development ³	£m	(3.3)	(1.1)
Retention rate ⁴	%	81	75

1 All figures reflect exchange rates at 31 December 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	213.1	122.5	335.6
Valuation adjustments (incl outstanding rent reviews, rent in arrears)	(8.5)	(2.3)	(10.8)
Less rents from short term lettings	(0.3)	(0.7)	(1.0)
SEGRO PASSING RENT	204.3	119.5	323.8
Adjustment for notional rent in respect of rent-free periods	18.3	16.3	34.6
SEGRO CONTRACTED HEADLINE RENT	222.6	135.8	358.4
ERV of vacant properties	13.4	4.8	18.2
Reversion to ERV for properties occupied	29.1	(4.5)	24.6
ERV OF COMPLETED PORTFOLIO	265.1	136.1	401.2

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	15.8	18.9	19.6
Thames Valley and National Logistics	11.0	11.3	3.4
UK TOTAL	26.8	30.2	12.9
Northern Europe ⁵	2.0	2.0	(1.6)
Southern Europe ⁵	4.1	4.1	0.0
Central Europe ⁵	2.6	2.6	(1.8)
CONTINENTAL EUROPE TOTAL⁵	8.7	8.7	(0.9)
GROUP TOTAL	35.5	38.9	9.5

SUPPLEMENTARY DATA AS AT 31 DECEMBER 2017

LEASE BREAK OPTIONS & EXPIRIES

	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m
Headline rent (SEGRO share)					
UK	11.7	11.3	7.5	7.5	8.2
Continental Europe	8.1	7.6	7.8	9.0	3.1
GROUP TOTAL – LEASE BREAK OPTIONS	19.8	18.9	15.3	16.5	11.3
UK	10.5	11.0	20.3	13.3	15.7
Continental Europe	8.7	10.3	9.1	7.1	8.6
GROUP TOTAL – LEASE EXPIRIES ASSUMING NO BREAKS ARE EXERCISED	19.2	21.3	29.4	20.4	24.3
UK	(0.5)	(1.0)	(2.2)	(4.7)	(3.6)
Continental Europe	(0.7)	(2.8)	(2.8)	(4.0)	(2.5)
GROUP TOTAL – DEDUCTION ASSUMING ALL BREAKS ARE EXERCISED	(1.2)	(3.8)	(5.0)	(8.7)	(6.1)
GROUP TOTAL – LEASE EXPIRIES AND POTENTIAL BREAKS	37.8	36.4	39.7	28.2	29.5

Estimated Rental Value (ERV; SEGRO share)

UK	22.2	32.8	27.7	17.1	21.6
Continental Europe	15.4	14.5	13.6	11.5	8.8
GROUP TOTAL – ERV OF LEASES SUBJECT TO BREAK OPTION OR EXPIRY	37.6	47.3	41.3	28.6	30.4

RENT SUBJECT TO REVIEW

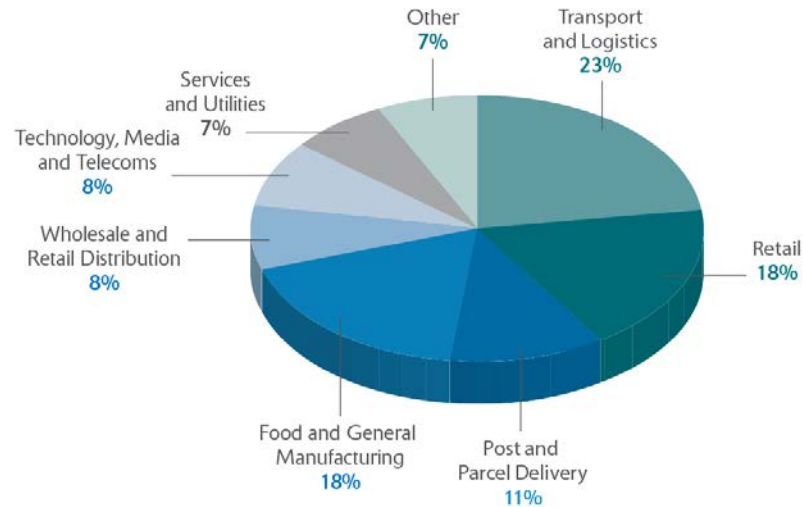
	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m
Headline rent					
Greater London	11.3	7.6	10.7	11.7	7.7
Thames Valley & National Logistics	19.2	11.2	16.0	15.0	6.6
UK TOTAL	30.5	18.8	26.7	26.7	14.3

Estimated Rental Value (ERV)

Greater London	12.1	8.0	11.4	12.1	7.8
Thames Valley & National Logistics	20.3	15.3	17.7	15.9	6.8
UK TOTAL	32.4	23.3	29.1	28.0	14.6

CUSTOMER TYPES AS AT 31 DECEMBER 2017

Customer type by headline rent



WEIGHTED AVERAGE LEASE LENGTH¹

By geography	Break years	Expiry years
UK	8.4	10.1
Continental Europe	5.7	7.0
GROUP TOTAL	7.4	8.9

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

TOP 20 CUSTOMERS

CUSTOMER (BY HEADLINE RENT)

CUSTOMER TYPE

Deutsche Post DHL	Post & Parcel Delivery; Transport & Logistics
Amazon	Retail (Online)
Federal Express	Post & Parcel Delivery
Worldwide Flight Services	Transport & Logistics
Royal Mail	Post & Parcel Delivery
British Airways	Other
Sainsbury's	Retail (Physical & Online)
Equinix	Technology, Media and Telecoms (Data centres)
DSV	Post & Parcel Delivery; Transport & Logistics
Booker Belmont Wholesale	Wholesale & Retail Distribution
La Poste / DPD	Post & Parcel Delivery
Mars	Food & General Manufacturing
Leroy Merlin	Retail (Physical & Online)
ID Logistics	Transport & Logistics
Virtus	Technology, Media and Telecoms (Data centres)
Geodis	Transport & Logistics
Wincanton	Transport & Logistics
Hermes	Post & Parcel Delivery
YOOX Net-A-Porter	Retail (Online)
Marks & Spencer	Retail (Physical & Online)

The top 20 customers represent headline rent of £114.5 million in aggregate, 32% of the Group's total headline rent at 31 December 2017 (SEGRO share).

DEVELOPMENT PIPELINE AS AT 31 DECEMBER 2017

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	16.0	79,222	146.1	52.4	11.2	5.7	7.6%
Continental Europe – wholly-owned	87.1	429,810	201.8	177.3	27.3 ⁵	15.0	7.7%
Continental Europe – joint ventures	24.4	184,819	34.5	36.4	4.8	1.0	7.6%
	127.5	693,851	382.4	266.1	43.3	21.7	7.6%
FUTURE DEVELOPMENT PIPELINE (B)							
UK – wholly-owned	176.5	704,017	239.9	489.8	54.3	–	7.4%
Continental Europe – wholly-owned	175.8	929,600	109.7	484.9	49.1	–	8.3%
Continental Europe – joint ventures	234.4	1,071,929	51.8	222.5	22.0	–	8.0%
	586.7	2,705,546	401.4	1,197.2	125.4	–	7.8%
TOTAL DEVELOPMENT PIPELINE (A+B)	714.2	3,399,397	783.8	1,463.3	168.7	21.7	7.5%
Land subject to conditional sale agreement for alternative use	7.8		46.0				
Other land	154.7		48.5				
TOTAL DEVELOPMENT PIPELINE AND OTHER LAND	876.7		878.3				

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 31 December 2017.

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 £9.5 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 31 DECEMBER 2017

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 Newham	Pre-let – DPD	Urban warehousing	100	4,200	Apr 17	Apr 18
Greater London	SEGRO Park Newham	Pre-let – Travelodge	Higher value use	100	3,647	Mar 18	Oct 19
Greater London	SEGRO Park Rainham	Speculative	Urban warehousing	100	21,921	Nov 16	Feb 18
Greater London	Park Royal	Pre-let – Travelodge	Higher value use	100	2,936	Nov 16	Apr 18
Greater London	SEGRO Park Enfield	Speculative	Urban warehousing	100	20,440	Apr 18	Jan 19
Thames Valley	Slough Trading Estate	Pre-let – Data centre operator	Urban warehousing	100	5,145	Jul 17	May 18
Thames Valley	Slough Trading Estate	Pre-let – Premier Inn and Costa	Higher value use	100	5,690	Dec 16	Jan 18
Thames Valley	Slough Trading Estate	Pre-let – Data centre operator	Higher value use	100	5,063	Dec 17	Jan 19
Thames Valley	Slough Trading Estate	Speculative	Urban warehousing	100	5,528	May 17	Feb 18
Thames Valley	Slough Trading Estate	Speculative	Higher value use	100	–	May 18	Dec 18
Thames Valley	Slough Trading Estate	Speculative	Urban warehousing	100	4,652	Apr 17	Mar 18
					79,222		
Percentage let (at 31 December 2017)					51%		
Estimated yield on cost					7.6%		

DEVELOPMENT PIPELINE AS AT 31 DECEMBER 2017

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	Lyon ²	Pre-let – LIDL	Big box warehouse	100	46,618	Mar 17	Mar 18
France	Paris	Pre-let – Carrefour Online	Big box warehouse	100	26,600	Apr 17	Feb 18
France	Paris	Pre-let – Chronopost	Big box warehouse	100	11,415	Nov 17	Jul 18
France	Paris	Pre-let / Speculative – Leroy Merlin	Urban warehousing	100	62,695	Sep 17	Dec 18
Italy	Bologna ²	Pre-let – Yoox	Big box warehouse	100	60,068	Apr 17	Mar 18
Italy	Milan ²	Pre-let – Food retailer	Big box warehouse	100	52,636	Sep 18	Jun 19
Italy	Milan ²	Pre-let – Amazon	Big box warehouse	100	34,954	Nov 17	Aug 18
Italy	Milan	Pre-let – Amazon	Urban warehousing	100	7,000	Sep 17	May 18
Spain	Barcelona	Speculative	Big box warehouse	50	28,960	Feb 18	Aug 18
Spain	Barcelona	Speculative	Big box warehouse	50	19,146	Jan 18	Oct 18
Spain	Madrid	Speculative	Big box warehouse	50	46,000	Apr 18	Oct 18
Germany	Berlin	Speculative	Urban warehousing	100	16,030	Mar 17	Jan 18
Germany	Berlin	Speculative	Big box warehouse	50	17,139	Mar 18	Oct 18
Germany	Cologne	Speculative	Urban warehousing	100	25,637	Apr 18	Nov 18
Germany	Düsseldorf	Speculative	Higher value use	100	1,653	Dec 17	May 18
Germany	Düsseldorf	Speculative	Urban warehousing	100	18,699	Aug 18	Apr 19
Germany	Frankfurt	Speculative	Big box warehouse	50	18,788	May 17	May 18
Germany	Frankfurt	Speculative	Urban warehousing	100	14,508	Nov 17	Nov 18
Germany	Frankfurt	Speculative	Urban warehousing	100	18,844	Mar 17	Jan 18
Germany	Herford	Pre-let – B+S	Big box warehouse	50	15,970	Aug 18	Mar 19
Germany	Munich	Speculative	Big box warehouse	50	12,484	Jul 18	Feb 19
Germany	Stuttgart	Speculative	Urban warehousing	100	13,796	Jun 18	Dec 18
Austria	Vienna	Speculative	Urban warehousing	100	11,017	Nov 17	Jun 18

DEVELOPMENT PIPELINE AS AT 31 DECEMBER 2017

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							
Netherlands	Amsterdam	Speculative	Big box warehouse	50	22,282	Oct 16	Aug 18
Poland	Tychy	Pre-let – Schoeck	Big box warehouse	50	4,050	Feb 18	Dec 18
Poland	Warsaw	Pre-let – DSV	Urban warehousing	100	7,640	Nov 17	Apr 18
					614,629		
Percentage let (at 31 December 2017)					50%		
Estimated yield on cost					7.7%		
TOTAL					693,851		
Percentage let (at 31 December 2017)					50%		
Estimated yield on cost					7.6%		

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 31 DECEMBER 2017

DEVELOPMENT PROJECTS COMPLETED IN 2017

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										
Greater London	Central Spaceway	Satair / Williams & Hill	Urban warehousing	100	4,210	4,210			3.3	Oct 17
Greater London	North Feltham TE	Speculative	Urban warehousing	100	3,355	–			2.7	Oct 17
Thames Valley	Slough Trading Estate	Pre-let – Equinix	Ground lease	100	–	–			0.5	Jun 17
Thames Valley	Slough Trading Estate	Pre-let – Lancaster	Higher value use	100	3,942	3,942			5.8	Aug 17
Thames Valley	Slough Trading Estate	Pre-let – Cryoservice	Urban warehousing	100	84	84			0.5	Dec 17
Thames Valley	SEGRO Park Bracknell	Speculative	Urban warehousing	100	8,374	–			6.5	Dec 17
					19,965	8,236	3.5	2.1	19.3	
Percentage let (at 31 December 2017)								58%		

CONTINENTAL EUROPE

France	Lyon	Pre-let – Prosol	Big box warehouse	100	15,384	15,384			7.8	Nov 17
France	Paris	Speculative	Urban warehousing	100	2,625	–			2.8	Jun 17
France	Paris	Pre-let – TNT	Urban warehousing	100	12,556	12,556			11.0	Sep 17
France	Paris	Pre-let – Metro	Big box warehouse	50	57,390	57,390			12.4	Nov 17
Spain	Barcelona	Speculative – Amazon	Big box warehouse	50	17,317	17,317			3.2	Mar 17
Spain	Barcelona	Pre-let – Amazon	Big box warehouse	50	16,812	16,812			2.7	Nov 17
Italy	Bologna	Pre-let – Jaguar Land Rover	Big box warehouse	100	16,485	16,485			5.6	Dec 17
Italy	Milan	Pre-let – Tiesse	Big box warehouse	100	28,654	28,654			11.3	Aug 17
Italy	Milan	Pre-let – Yoox	Big box warehouse	100	53,801	53,801			23.4	Sep 17
Italy	Padua	Pre-let – Amazon	Urban warehousing	100	7,382	7,382			4.3	Oct 17
Italy	Piacenza	Pre-let – Leroy Merlin	Big box warehouse	100	47,352	47,352			15.0	Oct 17
Italy	Rome	Pre-let – Amazon	Big box warehouse	100	155,668	155,668			58.4	Aug 17
Germany	Berlin	Pre-let – Rieck	Big box warehouse	50	26,711	26,711			5.5	Sep 17
Germany	Berlin	Pre-let – Fleurop	Big box warehouse	50	6,024	6,024			1.3	Sep 17
Germany	Berlin	Speculative	Big box warehouse	50	21,076	21,076			3.6	Dec 17
Germany	Düsseldorf	Speculative	Urban warehousing	100	6,911	6,911			5.1	Jan 17
Germany	Düsseldorf	Speculative	Urban warehousing	100	8,300	8,300			6.1	Mar 17
Germany	Düsseldorf	Pre-let – Expeditors	Big box warehouse	50	18,902	18,902			5.2	Nov 17
Germany	Frankfurt	Pre-let – B+S and KFH	Big box warehouse	50	12,508	12,508			3.1	Jun 17
Germany	Munich	Pre-let – Amazon	Urban warehousing	100	15,140	15,140			17.3	Apr 17
Germany	Stuttgart	Pre-let – Dräxlmaier	Urban warehousing	100	6,939	6,939			6.4	Dec 17

DEVELOPMENT PIPELINE AS AT 31 DECEMBER 2017

DEVELOPMENT PROJECTS COMPLETED IN 2017

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
CONTINENTAL EUROPE CONTINUED										
Poland	Gliwice	Pre-let – Plastic Omnium	Big box warehouse	50	10,190	10,190			1.9	May 17
Poland	Strykow	Pre-let – Arvato	Big box warehouse	50	30,375	30,375			8.6	Oct 17
Poland	Tychy	VITA / Denso / Speculative	Big box warehouse	50	14,964	10,164			2.3	Nov 17
Poland	Warsaw	Pre-let – CAT	Urban warehousing	100	11,672	11,672			3.3	Aug 17
Czech Republic	Prague	GO! / Speculative	Big box warehouse	50	3,168	3,168			1.9	Apr 17
Czech Republic	Prague	Pre-let – Pivovary	Big box warehouse	50	3,490	3,490			1.7	Apr 17
Czech Republic	Prague	KBJ / Speculative	Big box warehouse	50	7,133	3,767			1.0	Sep 17
					634,929	624,138	23.3	22.8	232.3	
Percentage let (at 31 December 2017)								98%		
TOTAL					654,894	632,374	26.8	24.9	251.5	
Total percentage let (at 31 December 2017)								93%		

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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