

# 2017

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 £8.4 billion of assets under management (£7.3 billion including SEGRO's share of joint ventures). The assets are principally concentrated in London, South-East England and the Midlands, and in key conurbations and major distribution hubs in eight countries in Continental Europe.

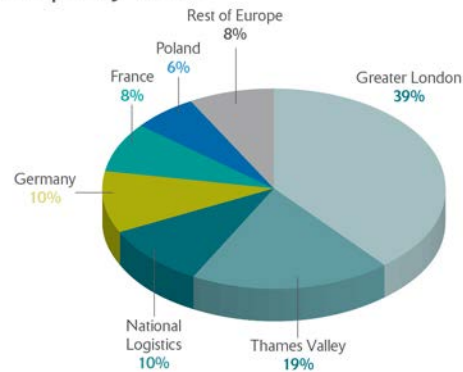
The Group serves customers spread across a diverse range of industry sectors. It has 6.3 million square metres of built space under management and contracted annual rental income of £317 million at share.



## OVERVIEW

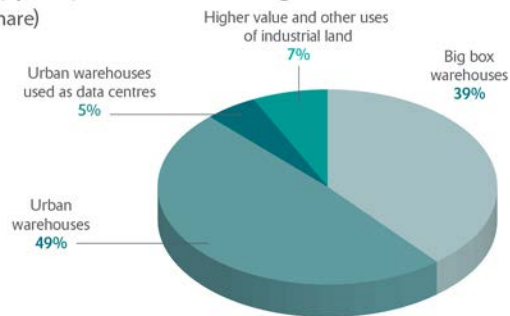
### Geographical split by value

(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 assembly, 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 2017

		UK £m	Continental Europe £m	Total £m
<b>Combined property portfolio (including share of joint ventures)</b>				
<b>TOTAL PROPERTIES PER FINANCIAL STATEMENTS</b>		<b>4,982.8</b>	<b>2,294.2</b>	<b>7,277.0</b>
Add valuation surplus not recognised on trading properties and other items <sup>1</sup>		0.0	0.0	0.0
<b>COMBINED PROPERTY PORTFOLIO PER EXTERNAL VALUERS' REPORTS</b>		<b>4,982.8</b>	<b>2,294.2</b>	<b>7,277.0</b>
Less land and development properties (investment, trading and joint ventures)		(364.2)	(516.4)	(880.6)
<b>NET VALUATION OF COMPLETED PROPERTIES</b>		<b>4,618.6</b>	<b>1,777.8</b>	<b>6,396.4</b>
Add notional purchasers' costs		311.1	89.1	400.2
<b>GROSS VALUATION OF COMPLETED PROPERTIES INCLUDING NOTIONAL PURCHASERS' COSTS</b>	<b>A</b>	<b>4,929.7</b>	<b>1,866.9</b>	<b>6,796.6</b>
<b>Rental income</b>				
		£m	£m	£m
Gross passing rent <sup>2</sup>		209.6	115.0	324.6
Less irrecoverable property costs		(2.9)	(5.2)	(8.1)
<b>NET PASSING RENT</b>	<b>B</b>	<b>206.7</b>	<b>109.8</b>	<b>316.5</b>
Adjustment for notional rent in respect of rent free periods		14.2	11.1	25.3
<b>TOPPED UP NET RENT</b>	<b>C</b>	<b>220.9</b>	<b>120.9</b>	<b>341.8</b>
Including future fixed/minimum uplifts <sup>4</sup>		8.8	0.9	9.7
<b>TOTAL TOPPED UP NET RENT</b>		<b>229.7</b>	<b>121.8</b>	<b>351.5</b>
<b>Yields</b>				
		%	%	%
EPRA net initial yield <sup>3</sup>	B/A	4.2	5.9	4.7
EPRA topped up net initial yield <sup>3</sup>	C/A	4.5	6.5	5.0
Net true equivalent yield		5.4	6.4	5.7

<sup>1</sup> 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.

<sup>2</sup> Gross passing rent excludes short term lettings and licences.

<sup>3</sup> In accordance with the Best Practices Recommendations of EPRA.

<sup>4</sup> 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 AND YIELD RECONCILIATION AS AT 30 JUNE 2017

	Value at 30 June 2017 £m	Valuation movement <sup>1</sup> %
<b>Analysis of unrealised valuation movements</b>		
Properties held throughout the period	6,313.2	4.3
Properties acquired during the period <sup>2 3</sup>	0.0	–
Developments completed during the period	83.2	29.7
<b>COMPLETED PROPERTIES</b>	<b>6,396.4</b>	<b>4.6</b>
Current development pipeline	402.3	17.2
Land held throughout the period	461.2	(0.5)
Land acquired during the period <sup>2</sup>	17.1	(3.0)
<b>WHOLE PORTFOLIO</b>	<b>7,277.0</b>	<b>4.9</b>

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.

## SUMMARY ANALYSIS AS AT 30 JUNE 2017

BY ASSET TYPE	Lettable area (100%) sq m	Lettable area (share) sq m	Completed £m	Land & development <sup>3</sup> £m	Total property assets £m	Valuation movement <sup>1</sup> %	Net initial yield <sup>2</sup> %	Net true equivalent yield <sup>2</sup> %	Vacancy by ERV <sup>2 4</sup> %
<b>UK</b>									
Big box warehouses (>10,000 sq m)	829,172	829,172	1,236.6		1,236.6	2.4	4.5	5.4	5.2
Urban warehouses and light industrial buildings	1,126,538	1,126,538	2,637.3		2,637.3	7.2	3.8	5.3	8.2
Urban warehouses used as data centres	96,385	96,385	343.9		343.9	9.6	4.6	5.5	3.5
Higher value and other uses of industrial land <sup>5</sup>	109,936	109,936	400.8		400.8	1.7	5.5	5.4	2.0
	<b>2,162,031</b>	<b>2,162,031</b>	<b>4,618.6</b>	<b>364.2</b>	<b>4,982.8</b>	<b>5.5</b>	<b>4.2</b>	<b>5.4</b>	<b>6.5</b>
<b>CONTINENTAL EUROPE</b>									
Big box warehouses (>10,000 sq m)	3,508,730	1,933,734	1,235.4		1,235.4	1.2	5.8	6.3	2.7
Urban warehouses and light industrial buildings	611,702	542,692	497.2		497.2	4.9	5.7	6.4	5.5
Urban warehouses used as data centres									
Higher value and other uses of industrial land <sup>5</sup>	48,379	47,134	45.2		45.2	4.0	7.1	6.7	3.4
	<b>4,168,811</b>	<b>2,523,560</b>	<b>1,777.8</b>	<b>516.4</b>	<b>2,294.2</b>	<b>2.3</b>	<b>5.9</b>	<b>6.4</b>	<b>3.5</b>
<b>GROUP</b>									
Big box warehouses (>10,000 sq m)	4,337,902	2,762,906	2,472.0		2,472.0	1.8	5.1	5.8	3.8
Urban warehouses and light industrial buildings	1,738,240	1,669,230	3,134.5		3,134.5	6.8	4.1	5.5	7.7
Urban warehouses used as data centres	96,385	96,385	343.9		343.9	9.6	4.6	5.5	3.5
Higher value and other uses of industrial land <sup>5</sup>	158,315	157,070	446.0		446.0	1.9	5.6	5.6	2.2
	<b>6,330,842</b>	<b>4,685,591</b>	<b>6,396.4</b>	<b>880.6</b>	<b>7,277.0</b>	<b>4.6</b>	<b>4.7</b>	<b>5.7</b>	<b>5.5</b>
<b>BY OWNERSHIP</b>									
Wholly owned	3,040,340	3,040,340	5,335.5	787.7	6,123.2	5.3	4.4	5.5	6.2
Joint ventures	3,290,502	1,645,251	1,060.9	92.9	1,153.8	1.1	5.9	6.2	2.5
<b>GROUP TOTAL</b>	<b>6,330,842</b>	<b>4,685,591</b>	<b>6,396.4</b>	<b>880.6</b>	<b>7,277.0</b>	<b>4.6</b>	<b>4.7</b>	<b>5.7</b>	<b>5.5</b>

1 The valuation movement percentage is based on the difference between the opening and closing valuations for SEGRO's share of completed properties which includes properties held throughout the period, completed developments and properties acquired during 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 2017 is 6.0%.

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 2017

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 <sup>1</sup> %	Net initial yield <sup>2</sup> %	Net true equivalent yield <sup>2</sup> %	Vacancy by ERV <sup>2 3</sup> %
			Completed £m	Land & development £m						
<b>UK</b>										
<b>GREATER LONDON</b>										
London Airports (primarily Heathrow)	492,670	492,670	1,366.6	97.1	1,463.7	1,463.7	3.0	4.1	5.4	7.2
Park Royal	426,925	426,925	1,069.4	8.7	1,078.1	1,078.1	8.8	3.7	4.8	5.6
Rest of Greater London	135,650	135,650	262.4	62.7	325.1	325.1	8.1	3.5	5.3	10.3
	<b>1,055,245</b>	<b>1,055,245</b>	<b>2,698.4</b>	<b>168.5</b>	<b>2,866.9</b>	<b>2,866.9</b>	<b>5.7</b>	<b>3.9</b>	<b>5.2</b>	<b>7.0</b>
<b>THAMES VALLEY AND NATIONAL LOGISTICS</b>										
Slough Trading Estate	507,594	507,594	1,201.0	64.4	1,265.4	1,265.4	7.1	4.6	5.6	4.0
Rest of South-East England	73,718	73,718	99.2	28.1	127.3	127.3	2.1	5.8	6.3	3.3
National Logistics	525,474	525,474	620.0	103.2	723.2	723.2	2.2	4.5	5.7	9.7
	<b>1,106,786</b>	<b>1,106,786</b>	<b>1,920.2</b>	<b>195.7</b>	<b>2,115.9</b>	<b>2,115.9</b>	<b>5.2</b>	<b>4.7</b>	<b>5.6</b>	<b>5.9</b>
<b>UK TOTAL</b>	<b>2,162,031</b>	<b>2,162,031</b>	<b>4,618.6</b>	<b>364.2</b>	<b>4,982.8</b>	<b>4,982.8</b>	<b>5.5</b>	<b>4.2</b>	<b>5.4</b>	<b>6.5</b>
<b>CONTINENTAL EUROPE</b>										
<b>NORTHERN EUROPE</b>										
Germany/Austria	1,167,980	698,139	577.5	134.3	711.8	1,091.0	2.6	5.2	5.7	2.8
Belgium/Netherlands	298,882	195,025	116.6	19.8	136.4	223.6	0.5	7.2	7.0	9.9
<b>SOUTHERN EUROPE</b>										
France	1,031,648	658,974	507.7	109.7	617.4	884.5	4.5	6.0	6.5	2.4
Italy/Spain	368,655	254,000	157.0	196.1	353.1	427.9	1.2	6.1	6.6	0.3
<b>CENTRAL EUROPE</b>										
Poland	1,169,112	647,826	372.9	35.5	408.4	709.9	(0.1)	6.5	6.9	4.5
Czech Republic/Hungary	132,534	69,596	46.1	21.0	67.1	111.1	2.0	5.4	6.9	6.4
<b>CONTINENTAL EUROPE TOTAL</b>	<b>4,168,811</b>	<b>2,523,560</b>	<b>1,777.8</b>	<b>516.4</b>	<b>2,294.2</b>	<b>3,448.0</b>	<b>2.3</b>	<b>5.9</b>	<b>6.4</b>	<b>3.5</b>
<b>GROUP TOTAL</b>	<b>6,330,842</b>	<b>4,685,591</b>	<b>6,396.4</b>	<b>880.6</b>	<b>7,277.0</b>	<b>8,430.8</b>	<b>4.6</b>	<b>4.7</b>	<b>5.7</b>	<b>5.5</b>

1 The valuation movement percentage is based on the difference between the opening and closing valuations for SEGRO's share of completed properties which includes properties held throughout the period, completed developments and properties acquired during 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 2017 is 6.0%.

## ANALYSIS OF COMPLETED PORTFOLIO AS AT 30 JUNE 2017

	Lettable area (100%) sq m	Lettable area (share) sq m	Valuation (SEGRO share)				Assets under management £m	Passing rent <sup>1</sup> £m	Headline rent <sup>1</sup> £m	Headline rent £ per sq m <sup>1</sup>	ERV <sup>2</sup> £m
			Investment properties £m	Trading properties £m	Joint ventures £m	Total £m					
UK											
BY ASSET TYPE											
Big box warehouses (>10,000 sq m)	829,172	829,172	1,236.6	–	–	1,236.6	1,236.6	56.4	58.9	76.1	70.2
Urban warehouses and light industrial buildings	1,126,538	1,126,538	2,637.3	–	–	2,637.3	2,637.3	109.5	119.6	116.6	149.3
Urban warehouses used as data centres	96,385	96,385	343.9	–	–	343.9	343.9	15.1	16.2	174.4	17.1
Higher value and other uses of industrial land	109,936	109,936	400.8	–	–	400.8	400.8	22.7	23.2	219.7	23.1
	2,162,031	2,162,031	4,618.6	–	–	4,618.6	4,618.6	203.7	217.9	109.0	259.7
BY GEOGRAPHY											
London Airports (primarily Heathrow)	492,670	492,670	1,366.6	–	–	1,366.6	1,366.6	59.2	61.5	136.6	80.4
Park Royal	426,925	426,925	1,069.4	–	–	1,069.4	1,069.4	42.1	45.7	112.6	54.1
Rest of Greater London	135,650	135,650	262.4	–	–	262.4	262.4	10.1	11.8	96.0	15.0
GREATER LONDON	1,055,245	1,055,245	2,698.4	–	–	2,698.4	2,698.4	111.4	119.1	121.6	149.5
Slough Trading Estate	507,594	507,594	1,201.0	–	–	1,201.0	1,201.0	58.4	62.4	130.4	66.6
Rest of South-East England	73,718	73,718	99.2	–	–	99.2	99.2	6.1	6.2	88.1	6.4
National Logistics	525,474	525,474	620.0	–	–	620.0	620.0	27.8	30.3	64.4	37.2
THAMES VALLEY AND NATIONAL LOGISTICS	1,106,786	1,106,786	1,920.2	–	–	1,920.2	1,920.2	92.3	98.8	97.0	110.2
UK TOTAL	2,162,031	2,162,031	4,618.6	–	–	4,618.6	4,618.6	203.7	217.9	109.0	259.7
CONTINENTAL EUROPE											
BY ASSET TYPE											
Big box warehouses (>10,000 sq m)	3,508,730	1,933,734	176.2	14.8	1,044.4	1,235.4	2,279.8	77.8	85.6	46.0	85.4
Urban warehouses and light industrial buildings	611,702	542,692	480.7	–	16.5	497.2	513.7	31.0	34.2	67.2	33.9
Urban warehouses used as data centres	–	–	–	–	–	–	–	–	–	–	–
Higher value and other uses of industrial land	48,379	47,134	45.2	–	–	45.2	45.2	5.0	5.1	114.4	4.5
	4,168,811	2,523,560	702.1	14.8	1,060.9	1,777.8	2,838.7	113.8	124.9	51.7	123.8



## ANALYSIS OF COMPLETED PORTFOLIO AS AT 30 JUNE 2017

	Lettable area (100%) sq m	Lettable area (share) sq m	Valuation (SEGRO share)				Assets under management £m	Passing rent <sup>1</sup> £m	Headline rent <sup>1</sup> £m	Headline rent £ per sq m <sup>1</sup>	ERV <sup>2</sup> £m
			Investment properties £m	Trading properties £m	Joint ventures £m	Total £m					
CONTINENTAL EUROPE CONTINUED											
BY GEOGRAPHY											
NORTHERN EUROPE											
Germany/Austria	1,167,980	698,139	235.8	–	341.7	577.5	919.2	33.7	37.9	55.9	36.8
Belgium/Netherlands	298,882	195,025	36.6	–	80.0	116.6	196.6	9.9	9.8	55.4	9.6
SOUTHERN EUROPE											
France	1,031,648	658,974	256.0	5.5	246.2	507.7	753.9	32.5	35.8	56.5	35.9
Italy/Spain	368,655	254,000	81.2	9.3	66.5	157.0	223.5	10.4	11.1	44.9	11.5
CENTRAL EUROPE											
Poland	1,169,112	647,826	87.0	–	285.9	372.9	658.8	24.6	27.1	44.2	26.7
Czech Republic/Hungary	132,534	69,596	5.5	–	40.6	46.1	86.7	2.7	3.2	47.8	3.3
CONTINENTAL EUROPE TOTAL	4,168,811	2,523,560	702.1	14.8	1,060.9	1,777.8	2,838.7	113.8	124.9	51.7	123.8
GROUP											
BY ASSET TYPE											
Big box warehouses (>10,000 sq m)	4,337,902	2,762,906	1,412.8	14.8	1,044.4	2,472.0	3,516.4	134.2	144.5	54.8	155.6
Urban warehouses and light industrial buildings	1,738,240	1,669,230	3,118.0	–	16.5	3,134.5	3,151.0	140.5	153.8	100.3	183.2
Urban warehouses used as data centres	96,385	96,385	343.9	–	–	343.9	343.9	15.1	16.2	174.4	17.1
Higher value and other uses of industrial land	158,315	157,070	446.0	–	–	446.0	446.0	27.7	28.3	188.4	27.6
COMPLETED PORTFOLIO	6,330,842	4,685,591	5,320.7	14.8	1,060.9	6,396.4	7,457.3	317.5	342.8	77.7	383.5
BY OWNERSHIP											
Wholly owned	3,040,340	3,040,340	5,320.7	14.8	–	5,335.5	5,335.5	250.0	270.9	95.7	312.5
Joint ventures	3,290,502	1,645,250	–	–	1,060.9	1,060.9	2,121.8	67.4	71.9	45.4	71.0
COMPLETED PORTFOLIO	6,330,842	4,685,591	5,320.7	14.8	1,060.9	6,396.4	7,457.3	317.5	342.8	77.7	383.5

<sup>1</sup> In respect of occupied space only; SEGRO share.

<sup>2</sup> On a fully occupied basis; SEGRO share.

## SUPPLEMENTARY DATA AS AT 30 JUNE 2017

### LEASING DATA<sup>1</sup> FOR PERIOD TO 30 JUNE

		H1 2017	H1 2016
Take-up of existing space <sup>2</sup> (A)	£m	3.5	8.0
Space returned <sup>3</sup> (B)	£m	(3.0)	(6.6)
<b>Net absorption of existing space (A–B)</b>	<b>£m</b>	<b>0.5</b>	<b>1.4</b>
Other rental movements (rent reviews, renewals, indexation) <sup>2</sup> (C)	£m	2.4	0.8
<b>Rent roll growth from existing space</b>	<b>£m</b>	<b>2.9</b>	<b>2.2</b>
Take-up of developments completed in the period – pre-lets signed in prior years <sup>2</sup> (D)	£m	3.0	6.5
Take-up of developments completed in the period – speculative developments <sup>2</sup> (D)	£m	3.8	5.0
<b>Total take-up<sup>2</sup> (A+C+D)</b>	<b>£m</b>	<b>12.7</b>	<b>20.3</b>
Less take-up of space signed in previous periods <sup>2</sup>	£m	(3.6)	(7.5)
Pre-lets signed in the period for delivery in later periods <sup>2</sup>	£m	18.4	8.7
<b>Rental income contracted in the period<sup>2</sup></b>	<b>£m</b>	<b>27.5</b>	<b>21.5</b>
Take-back of space for re-development <sup>3</sup>	£m	(2.6)	(0.5)
Retention rate <sup>4</sup>	%	92.1	76.1

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
<b>PASSING RENT PER VALUATION</b>	<b>209.6</b>	<b>115.0</b>	<b>324.6</b>
Valuation adjustments (incl outstanding rent reviews, rent in arrears)	(5.7)	(0.4)	(6.1)
Less rents from short term lettings	(0.2)	(0.8)	(1.0)
Adjustment for notional rent in respect of rent-free periods	14.2	11.1	25.3
<b>SEGRO CONTRACTED HEADLINE RENT</b>	<b>217.9</b>	<b>124.9</b>	<b>342.8</b>
ERV of vacant properties	17.6	5.5	23.1
Reversion to ERV for properties occupied	24.2	(6.6)	17.6
<b>ERV OF COMPLETED PORTFOLIO</b>	<b>259.7</b>	<b>123.8</b>	<b>383.5</b>

### 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	9.2	11.0	18.9
Thames Valley and National Logistics	4.9	5.3	8.6
<b>UK TOTAL</b>	<b>14.1</b>	<b>16.3</b>	<b>15.3</b>
Northern Europe <sup>5</sup>	1.2	1.2	(0.7)
Southern Europe <sup>5</sup>	1.8	1.8	(1.7)
Central Europe <sup>5</sup>	1.9	1.9	(1.1)
<b>CONTINENTAL EUROPE TOTAL<sup>5</sup></b>	<b>4.9</b>	<b>4.9</b>	<b>(1.2)</b>
<b>GROUP TOTAL</b>	<b>19.0</b>	<b>21.2</b>	<b>11.1</b>

## SUPPLEMENTARY DATA AS AT 30 JUNE 2017

### LEASE BREAK OPTIONS & EXPIRIES

	2H 2017 £m	2018 £m	2019 £m	2020 £m	2021 £m
Headline rent (SEGRO share)					
UK	1.3	8.0	10.5	6.7	7.5
Continental Europe	6.0	9.0	9.2	6.7	9.4
<b>GROUP TOTAL – LEASE BREAK OPTIONS</b>	<b>7.3</b>	<b>17.0</b>	<b>19.7</b>	<b>13.4</b>	<b>16.9</b>
UK	2.8	11.0	11.5	24.1	13.6
Continental Europe	4.6	8.5	9.9	8.2	8.8
<b>GROUP TOTAL – LEASE EXPIRIES ASSUMING NO BREAKS ARE EXERCISED</b>	<b>7.4</b>	<b>19.5</b>	<b>21.4</b>	<b>32.3</b>	<b>22.4</b>
UK	–	(0.4)	(0.3)	(1.8)	(4.9)
Continental Europe	(1.2)	(1.2)	(2.8)	(3.1)	(5.6)
<b>GROUP TOTAL – DEDUCTION ASSUMING ALL BREAKS ARE EXERCISED</b>	<b>(1.2)</b>	<b>(1.6)</b>	<b>(3.1)</b>	<b>(4.9)</b>	<b>(10.5)</b>
<b>GROUP TOTAL – LEASE EXPIRIES AND POTENTIAL BREAKS</b>	<b>13.5</b>	<b>34.9</b>	<b>38.0</b>	<b>40.8</b>	<b>28.8</b>

#### Estimated Rental Value (ERV; SEGRO share)

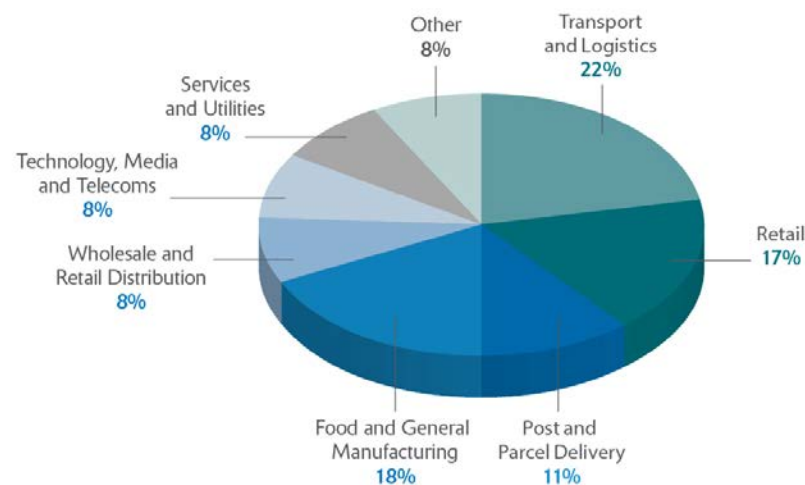
UK	4.5	19.9	32.6	29.7	16.8
Continental Europe	9.0	15.3	15.5	11.2	12.1
<b>GROUP TOTAL – ERV OF LEASES SUBJECT TO BREAK OPTION OR EXPIRY</b>	<b>13.5</b>	<b>35.2</b>	<b>48.1</b>	<b>40.9</b>	<b>28.9</b>

### RENT SUBJECT TO REVIEW

	2H 2017 £m	2018 £m	2019 £m	2020 £m	2021 £m
Headline rent					
Greater London	11.7	11.0	7.9	8.6	11.3
Thames Valley & National Logistics	11.6	19.2	11.4	16.1	16.0
<b>UK TOTAL</b>	<b>23.3</b>	<b>30.2</b>	<b>19.3</b>	<b>24.7</b>	<b>27.3</b>
Estimated Rental Value (ERV)					
Greater London	12.9	11.7	8.3	9.0	11.5
Thames Valley & National Logistics	13.1	19.5	14.8	17.2	16.4
<b>UK TOTAL</b>	<b>26.0</b>	<b>31.2</b>	<b>23.1</b>	<b>26.2</b>	<b>27.9</b>

## CUSTOMER TYPES AS AT 30 JUNE 2017

### Customer type by headline rent



### WEIGHTED AVERAGE LEASE LENGTH<sup>1</sup>

By geography	Break years	Expiry years
UK	8.1	9.9
Continental Europe	5.1	6.7
<b>GROUP TOTAL</b>	<b>7.0</b>	<b>8.7</b>

<sup>1</sup> 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
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
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

The top 20 customers represent headline rent of £105 million in aggregate, 30% of the Group's total headline rent at 30 June 2017 (SEGRO share).

## DEVELOPMENT PIPELINE AS AT 30 JUNE 2017

### SUMMARY DEVELOPMENT PIPELINE

	Hectarage (100%) ha	Space to be built (100%) sq m	Current book value <sup>1</sup> £m	Estimated cost to completion <sup>2</sup> £m	ERV when complete <sup>3</sup> £m	Pre-let (ERV) £m	Estimated yield on cost <sup>4</sup> %
<b>CURRENT DEVELOPMENT PIPELINE (A)</b> (see pages 14 to 16)							
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
	<b>181.2</b>	<b>920,393</b>	<b>431.1</b>	<b>230.7</b>	<b>46.1</b>	<b>31.4</b>	<b>7.7</b>
<b>FUTURE DEVELOPMENT PIPELINE (B)</b>							
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
	<b>609.6</b>	<b>2,542,402</b>	<b>388.1</b>	<b>1,234.2</b>	<b>126.9</b>	<b>–</b>	<b>7.8</b>
<b>TOTAL DEVELOPMENT PIPELINE (A+B)</b>	<b>790.8</b>	<b>3,462,795</b>	<b>819.2</b>	<b>1,464.9</b>	<b>173.0</b>	<b>31.4</b>	<b>–</b>
Land subject to conditional sale agreement for alternative use	6.9		38.9				
Other land	152.7		22.5				
<b>TOTAL DEVELOPMENT PIPELINE AND OTHER LAND</b>	<b>950.4</b>		<b>880.6</b>				

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 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.



## DEVELOPMENT PIPELINE AS AT 30 JUNE 2017

### CURRENT DEVELOPMENT PROJECTS

	Development type and customer	Asset class	Ownership %	Space to be built (100%) sq m	Actual/Expected start	Expected completion
UK						
Heathrow — Central Spaceway	Speculative	Urban warehousing	100	7,286	Dec 16	Aug 17
East London — Newham	Pre-let — DPD	Urban warehousing	100	4,200	Apr 17	Feb 18
East London — Rainham Phase 1	Speculative	Urban warehousing	100	21,921	Nov 16	Oct 17
Park Royal — Monarch House	Pre-let — Travelodge	Higher value use	100	2,936	Nov 16	Mar 18
North London — Enfield	Speculative	Urban warehousing	100	20,440	Jan 18	Oct 18
Bracknell — Ellesfield Avenue	Speculative	Urban warehousing	100	8,374	Mar 17	Oct 17
Slough — 16 Liverpool Road	Pre-let — data centre operator	Urban warehousing	100	5,145	Jul 17	Apr 18
Slough — 40 Liverpool Road	Pre-let — Premier Inn and Costa	Higher value use	100	5,690	Dec 16	Jan 18
Slough — 766-771 Buckingham Ave	Speculative	Urban warehousing	100	5,528	May 17	Jan 18
Slough — Malton Avenue	Pre-let — Cryoservice	Urban warehousing	100	84	Mar 17	Jul 17
Slough — Ajax Avenue South	Pre-let — Jardine Motors	Higher value use	100	3,623	Oct 16	Aug 17
Slough — Stirling Road Phase 1	Speculative	Urban warehousing	100	4,652	Apr 17	Jan 18
				<b>89,879</b>		
Percentage let (at 30 June 2017)				<b>34%</b>		
Yield on cost				<b>7.6%</b>		

## DEVELOPMENT PIPELINE AS AT 30 JUNE 2017

### CURRENT DEVELOPMENT PROJECTS

	Development type and customer	Asset class	Ownership %	Space to be built (100%) sq m	Actual/ Expected start	Expected completion
CONTINENTAL EUROPE						
France — Paris, Aulnay	Pre-let — Carrefour Online	Big box warehouse	100	26,600	Apr 17	Nov 17
France — Paris, Mitry Mory	Pre-let — METRO	Big box warehouse	50	57,390	Nov 16	Oct 17
France — Paris DC6	Pre-let — FedEx	Big box warehouse	100	13,062	Sep 16	Oct 17
France — Lyon	Pre-let — Prosol	Big box warehouse	100	14,333	Feb 17	Nov 17
France — Lyon	Pre-let — LIDL	Big box warehouse	100	46,618	Mar 17	Feb 18
Italy — Bologna	Pre-let — Yoox	Big box warehouse	100	51,447	Apr 17	Mar 18
Italy — Bologna	Pre-let — Jaguar	Big box warehouse	100	16,468	Jan 17	Nov 17
Italy — Milan, Landriano A	Pre-let — Tiesse	Big box warehouse	100	31,617	Jan 17	Jul 17
Italy — Milan, Landriano B	Pre-let — Yoox	Big box warehouse	100	53,669	Mar 16	Sep 17
Italy — Milan, Landriano C	Pre-let — Food retailer	Big box warehouse	100	52,636	Sep 18	Jun 19
Italy — Milan	Pre-let — Leroy Merlin	Big box warehouse	100	46,000	Feb 17	Nov 17
Italy — Rome	Pre-let — Amazon	Big box warehouse	100	154,533	Jul 16	Aug 17
Spain — Barcelona, Martorelles Phase 2	Pre-let — Amazon	Big box warehouse	50	15,644	Apr 17	Sep 17
Germany — Berlin Airport	Speculative	Urban warehousing	100	15,861	Mar 17	Dec 17
Germany — Berlin Airport	Pre-let — Fleurop, Rieck	Big box warehouse	50	26,408	Oct 16	Sep 17
Germany — Berlin Airport	Speculative	Big box warehouse	50	27,263	Oct 16	Nov 17
Germany — Frankfurt, Bischofsheim Phase 1	Speculative	Big box warehouse	50	18,667	May 17	Dec 17
Germany — Cologne Phase 1	Speculative	Urban warehousing	100	24,483	Sep 17	Apr 18
Germany — Dusseldorf CityPark	Speculative	Higher value use	100	1,653	Sep 17	Jan 18
Germany — Düsseldorf, Krefeld	Pre-let — Expeditors	Big box warehouse	50	18,903	Jan 17	Sep 17
Germany — Frankfurt, Mörfelden	Speculative	Urban warehousing	100	17,679	Mar 17	Dec 17
Germany — Frankfurt, Rödelheim - Phase 1	Speculative	Urban warehousing	100	14,508	Nov 17	May 18
Germany — Stuttgart	Pre-let — DPA Dräxlmaier	Urban warehousing	100	6,939	Apr 17	Nov 17

## DEVELOPMENT PIPELINE AS AT 30 JUNE 2017

### CURRENT DEVELOPMENT PROJECTS

	Development type and customer	Asset class	Ownership %	Space to be built (100%) sq m	Actual/ Expected start	Expected completion
CONTINENTAL EUROPE CONTINUED						
Netherlands — Amsterdam Airport	Speculative	Big box warehouse	50	10,986	Oct 16	Nov 17
Czech Republic — Prague	Pre-let/Spec — KBJ	Big box warehouse	50	7,335	Apr 17	Aug 17
Poland — Duchnice	Pre-let — CAT	Big box warehouse	100	11,562	Feb 17	Aug 17
Poland — Łódź	Pre-let — Arvato	Big box warehouse	100	33,250	Apr 17	Sep 17
Poland — Tychy	Pre-let/Spec — VITA, Denso	Big box warehouse	50	15,000	Jun 17	Nov 17
				830,514		
Percentage let (at 30 June 2017)				80%		
Yield on cost				7.8%		
TOTAL				920.393		
Percentage let (at 30 June 2017)				68%		
Yield on cost				7.7%		

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.

## DEVELOPMENT PIPELINE AS AT 30 JUNE 2017

### DEVELOPMENT PROJECTS COMPLETED IN H1 2017

	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									
Slough — Banbury Avenue	Pre-let — Data centre	Ground lease	100	–	–	0.6	0.6	0.4	Jun 17
				–	–	0.6	0.6	0.4	
Percentage let (at 30 June 2017)							100%		
CONTINENTAL EUROPE									
France — Paris, Blanc Mesnil	Speculative	Industrial	100	2,625	0			2.8	Jun 17
Spain — Barcelona, Martorelles Phase 1	Speculative	Industrial	50	17,317	17,317			3.2	Mar 17
Germany — Frankfurt, Alzenau Phase 4	Pre-let — B+S and KFH	Logistics	50	12,448	12,448			3.1	Jun 17
Germany — Düsseldorf, Rhein Park	Speculative	Industrial	100	6,911	6,911			5.1	Jan 17
Germany — Düsseldorf, City Park	Speculative	Industrial	100	8,300	4,609			6.0	Mar 17
Germany — Munich	Pre-let — Amazon	Logistics	100	15,140	15,140			17.0	Apr 17
Czech Republic — Prague	Pre-let/Spec — GO!	Industrial	100	3,167	2,381			1.7	Apr 17
Czech Republic — Prague	Pre-let — Pivovar	Industrial	100	3,490	3,490			1.6	Apr 17
Poland — Gliwice	Pre-let — Plastic Omnium	Logistics	50	9,800	9,800			1.8	May 17
				79,198	72,096	4.4	3.9	42.3	
Percentage let (at 30 June 2017)							89%		
TOTAL				79,198	72,096	5.0	4.5	42.7	
Total percentage let (at 30 June 2017)							91%		

## GLOSSARY OF TERMS

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### 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 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.

### 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

Net equivalent yield assuming rent is received quarterly in advance.

### 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

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**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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