



2018 HALF YEAR RESULTS

26 JULY 2018



Strong financial results and capital structure

Disciplined capital allocation — improving portfolio scale and quality, reducing risk

Operational excellence — delivering strong operating results and development growth

Significant further growth opportunities



Amazon, Milan Delivery Station

Powerful structural drivers of occupational demand

Modest new speculative supply in most markets

Significant further income growth potential from development and asset management

Strong capital structure



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Disciplined capital allocation — improving portfolio scale and quality, reducing risk

Operational excellence — delivering strong operating results and development growth

Significant further growth opportunities

■ Earnings growth

- Development completions
- Like-for-like rental growth
- Reduced financing costs

+21.3%

Adjusted
pre-tax profit

+11.3%

Adjusted EPS,
10.8p

+2.3%

Like-for-like net rental
income growth

■ Strong capital structure

- 5.9% portfolio value growth
- Net investment of £251 million

+8.5%

EPRA NAV per share
603p

29%

Loan to Value ratio
(FY 2017: 30%)

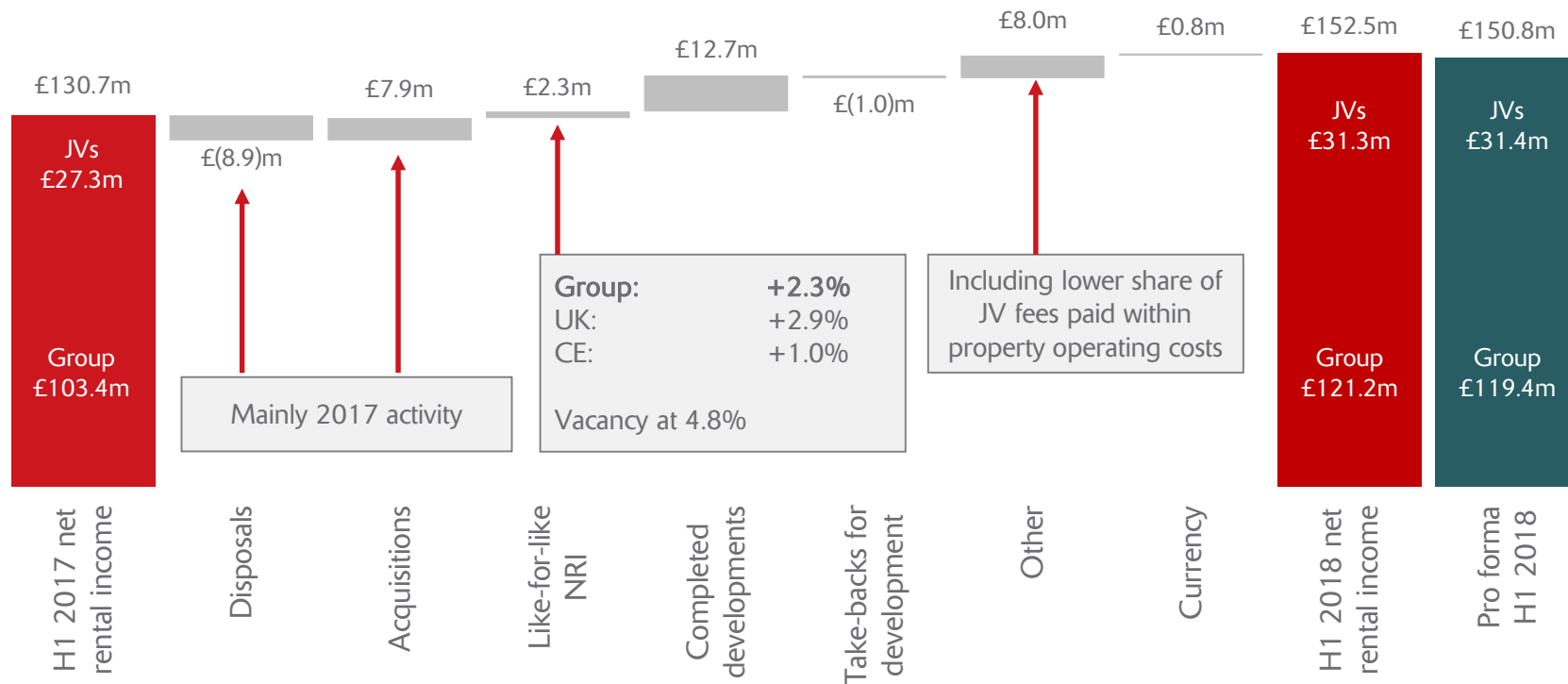
■ 2018 interim dividend increased by 5.7%

5.55p

Interim dividend per
share
(H1 2017: 5.25p)

2.3% growth in 6 month like-for-like net rental income

Proportionally consolidated net rental income (excluding joint venture fees), H1 2017-18



21% increase in Adjusted PBT

Adjusted income statement

	H1 2018	H1 2017
	£m	£m
Gross rental income	145.1	127.3
Property operating expenses	(23.9)	(23.9)
Net rental income	121.2	103.4
Share of joint ventures' adjusted profit ¹	24.6	22.1
Administration expenses	(20.7)	(17.5)
Joint venture fee income	8.7	16.5
Adjusted operating profit	133.8	124.5
Net finance costs	(23.2)	(33.3)
Adjusted profit before tax	110.6	91.2
Tax on adjusted profit	1.5%	0.8%

- Cost ratio of 22.5% (H1 2017: 22.9%)
- 19.3% excl LTIPs (H1 2017: 20.4%)

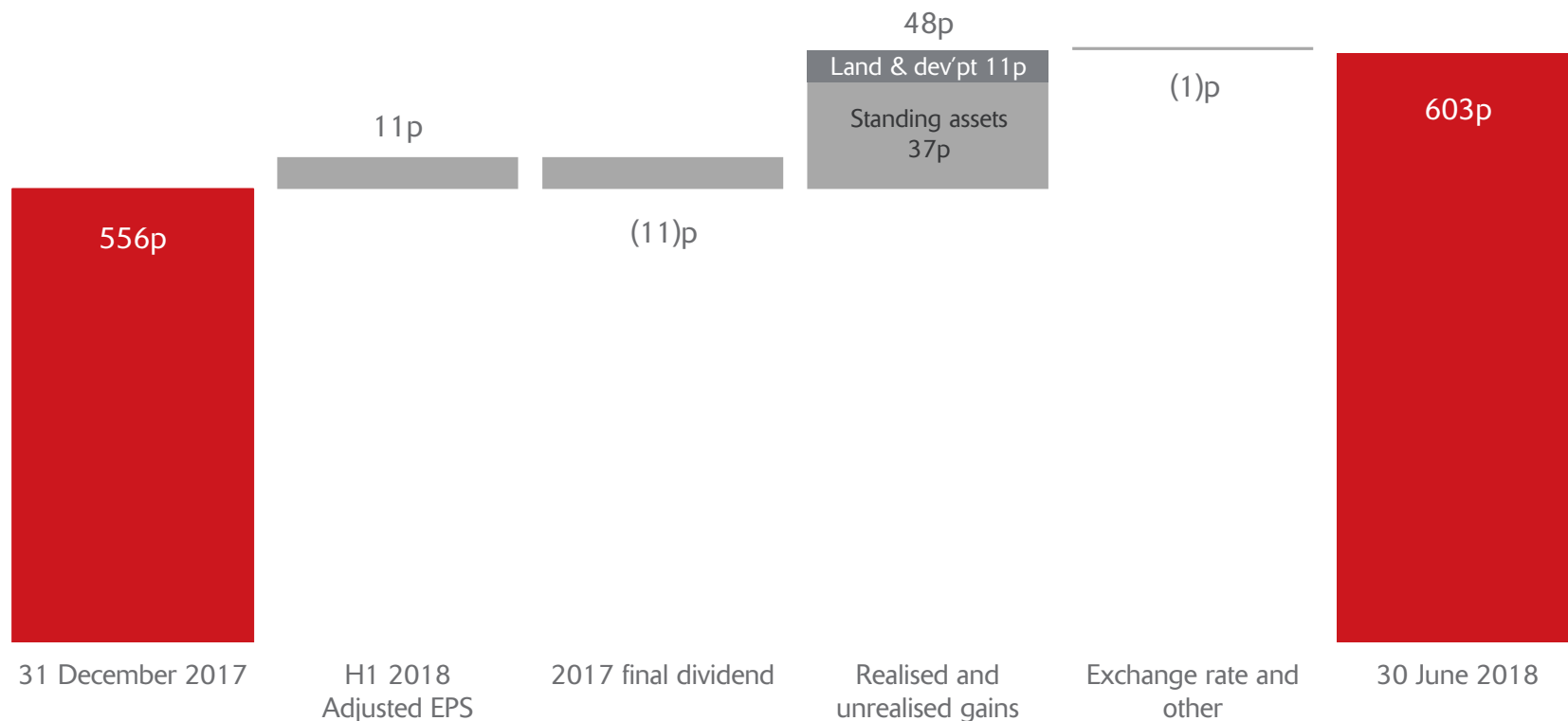
Joint venture fee income

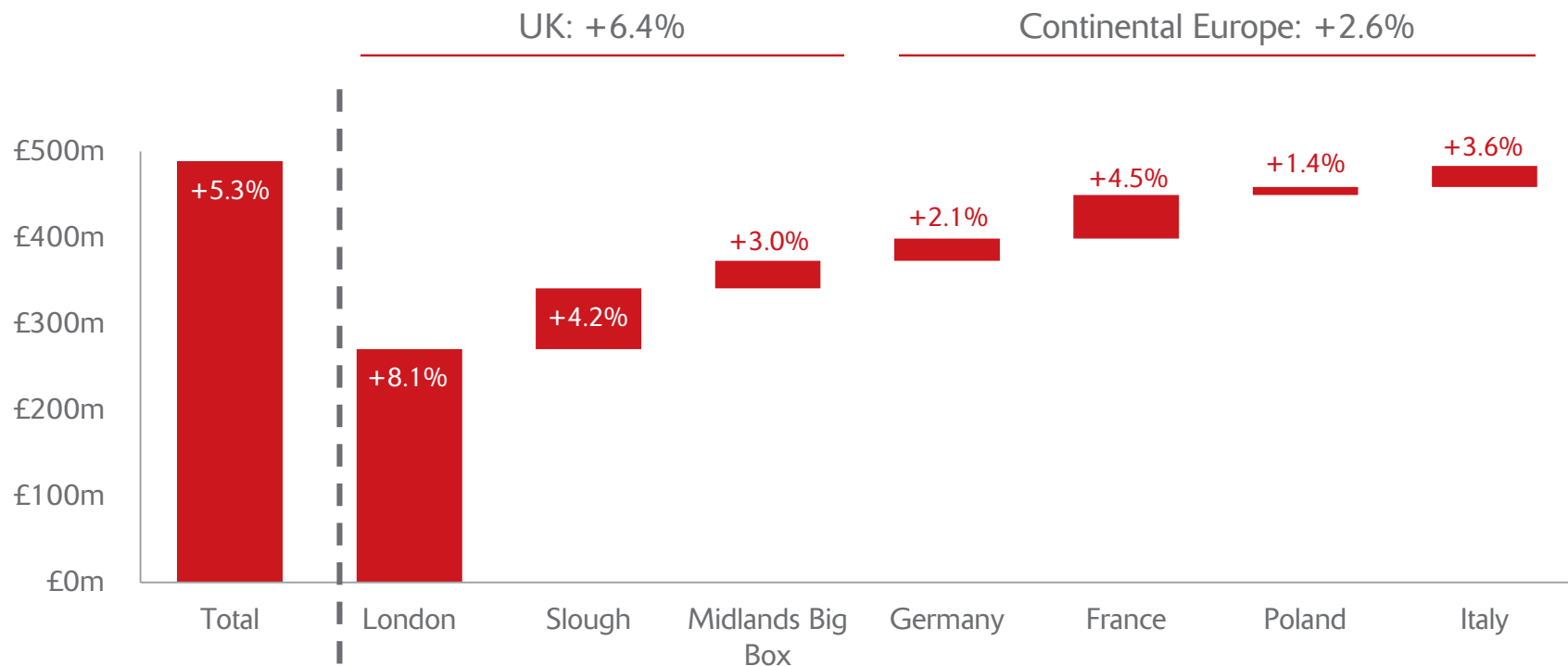
- APP fees in H1 2017
- FY 2018 underlying JV fee income expected to be c£17m
- c£10m net impact of SELP performance fee to be recognised in 2H 2018 adjusted earnings

¹ Net property rental income less administrative expenses, net interest expenses and taxation

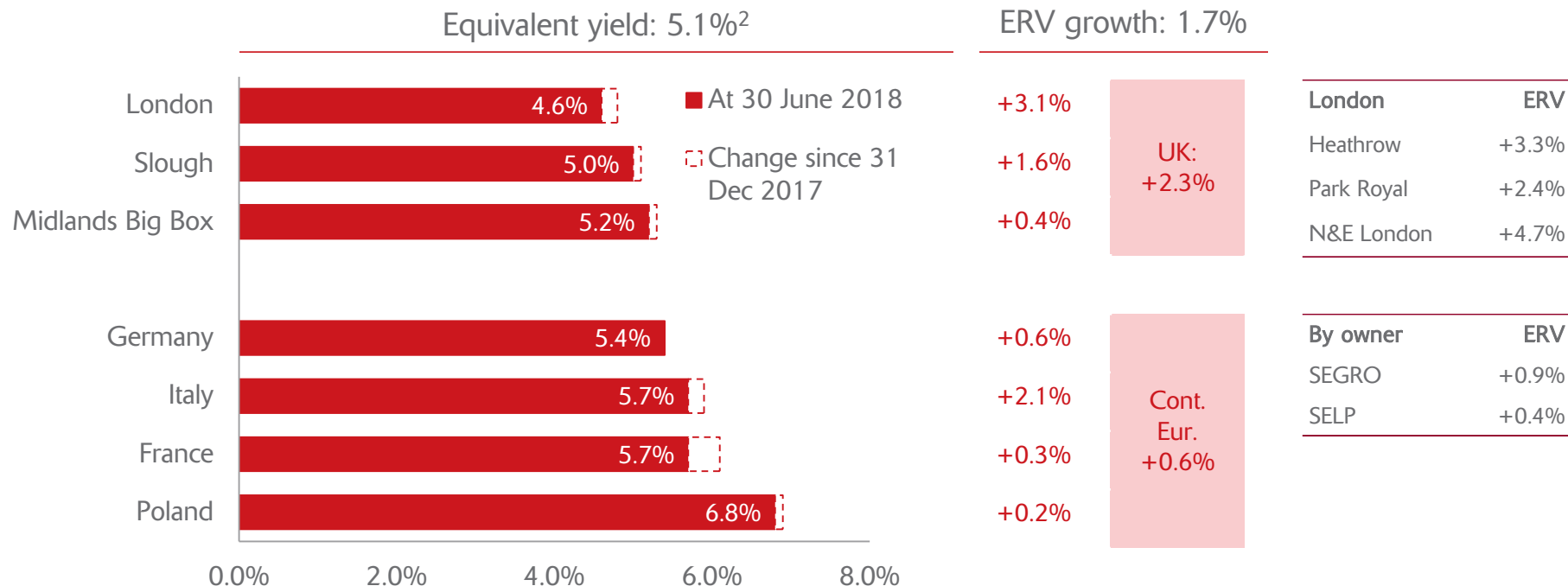
8.5% increase in EPRA NAV

Components of EPRA NAV change, 31 December 2017 to 30 June 2018





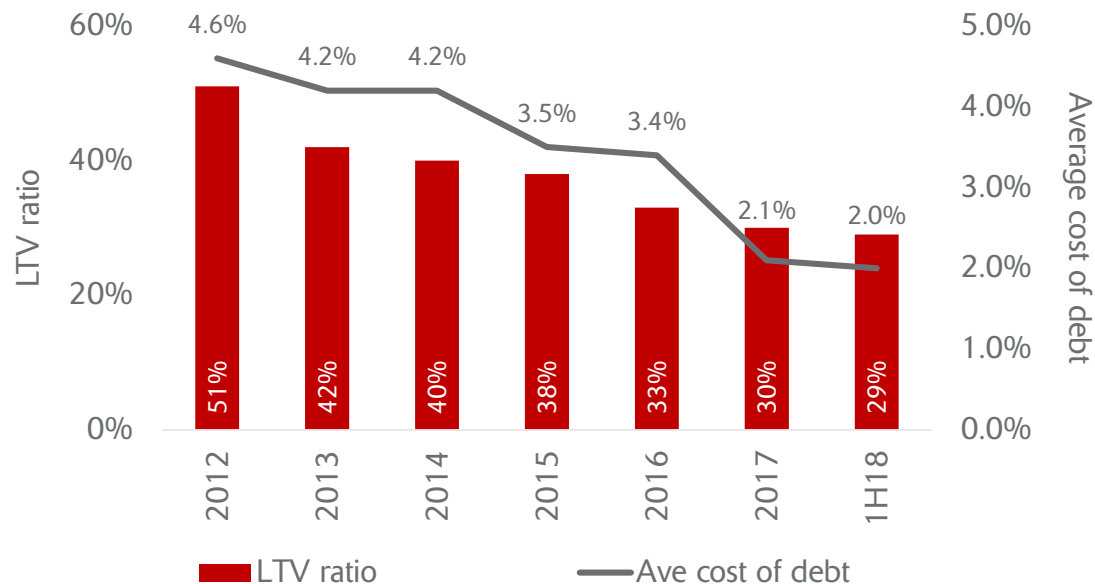
Driven by asset management, yield shift and rental growth¹



¹ Yield on standing assets at 30 June 2018; ERV growth based on assets held throughout H1 2018.

² Net true equivalent yield

LTV ratio and average cost of debt (incl share of joint ventures), 2012-18



- Average debt duration of 10 years

- £500m+ estimated development capex (of which £100m is infrastructure and land)

- 2018 disposals expected to be £300-350m

- £1.2bn of cash and available facilities



- Growing earnings
- Strong capital structure
- 2018 interim dividend increased by 5.7%



Strong financial results and capital structure

Disciplined capital allocation — improving portfolio scale and quality, reducing risk

Operational excellence — delivering strong operating results and development growth

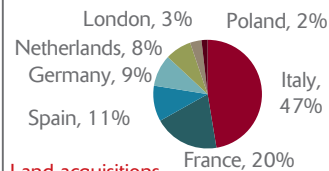
Significant further growth opportunities

£280m of development capex

Development capex
and infrastructure



Air2, Paris



£50m of
development land

£56m of acquisitions

Continental European
urban warehouses



Pont Yblon



SEGRO Business Park Warsaw

19% interest
in Sofibus

£85m of disposals

Less core assets



Gonesse Gay Lussac

Big box warehouse
sales to SELP



Milan



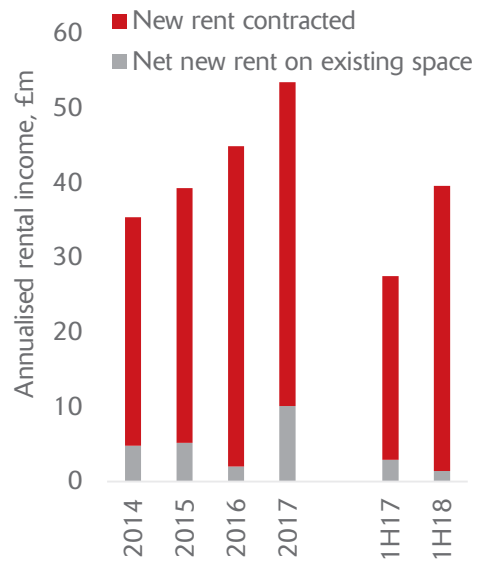
Strong financial results and capital structure

Disciplined capital allocation — improving portfolio scale and quality, reducing risk

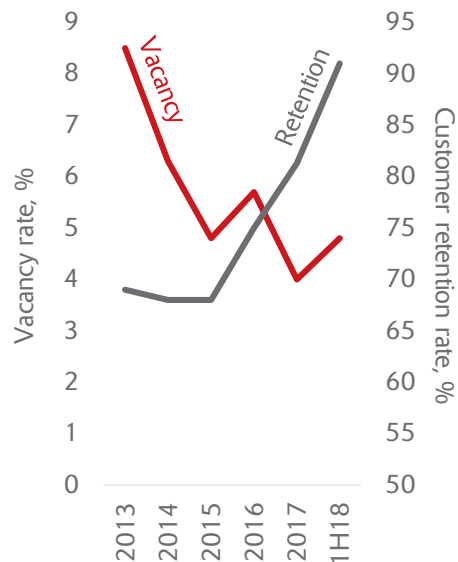
Operational excellence — delivering strong operating results and development growth

Significant further growth opportunities

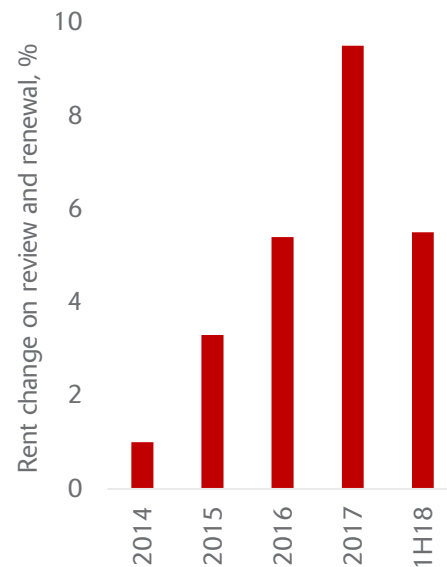
Strong leasing success in 2018...¹



...high levels of occupancy and customer retention...²



... and capturing reversion from renewals and reviews³



¹ Net new rent on existing space reflects headline rent agreed on new leases less passing rent lost from space taken back during the year; new rent contracted is total headline rent secured or (in the case of developments) agreed in the year.

² Vacancy rate based on ERV; customer retention rate based on headline rent retained in the same or alternative SEGRO premises.

³ Headline rent agreed on lease renewals, reviews and re-gears compared to previous headline rent.

Urban warehouses



DPD, SEGRO Park Newham



SEGRO Park Morfelden



SEGRO Park Rainham



Enterprise Quarter, SEGRO Park Rainham

Big box warehouses



SEGRO Logistics Park Bischofsheim



SEGRO Park Amsterdam Airport



SEGRO Logistics Park Aulnay



Vailog Logistics Park Castel San Giovanni

280,000
sq m

Completed
developments
(at 100%)

£19m

Potential
rent (at share)
—78% secured

8.0%

Yield on cost

£108m

Uplift on
development¹



SEGRO Business Park Zeran, Warsaw

Strong financial results and capital structure

Disciplined capital allocation — improving portfolio scale and quality, reducing risk

Operational excellence — delivering strong operating results and development growth

Significant further growth opportunities

Urbanisation



Reduced land
availability

More demand for
goods and services

Intensification of
land use

“Green” delivery
vehicles

Technological revolution



E-commerce
growth

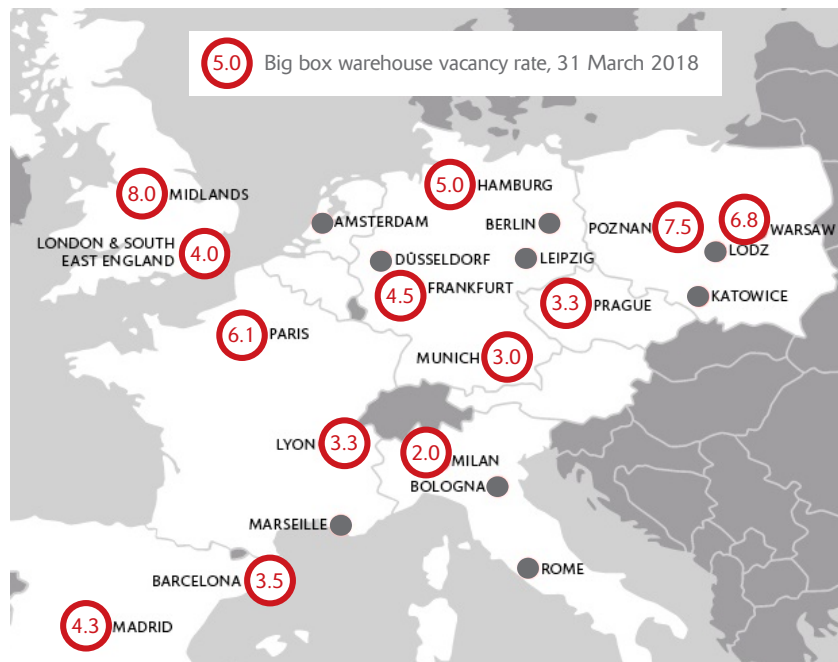
Warehouse
automation

Digital data and
the cloud

Power and data
connectivity

Low vacancy rates across Europe

(5.0% estimated aggregate pan-European vacancy rate; source: JLL)



Structural tailwinds

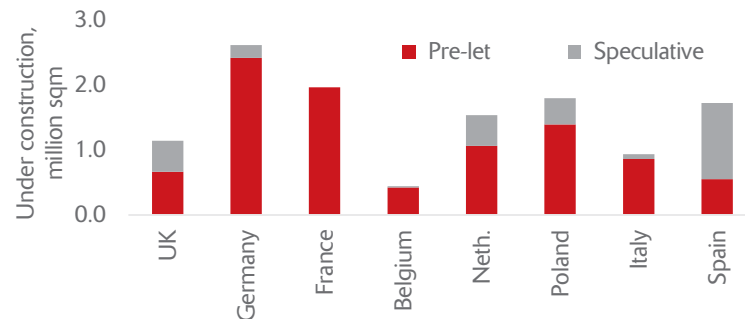
Benign economic backdrop

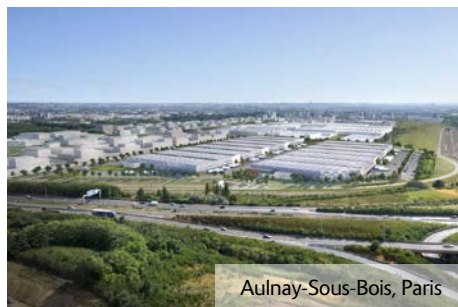
Take-up levels remain strong, new development mostly pre-let

Supply and availability well balanced with demand

European warehouse development remains substantially pre-let

(Logistics space under construction at 31 March 2018; source: JLL)





XPOLogistics



amazon



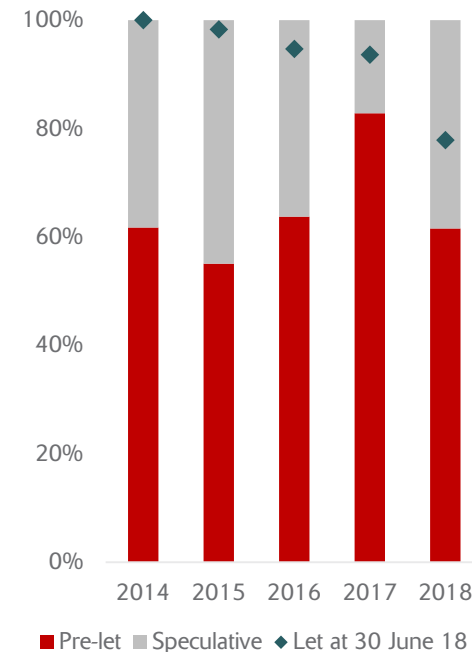
zalando



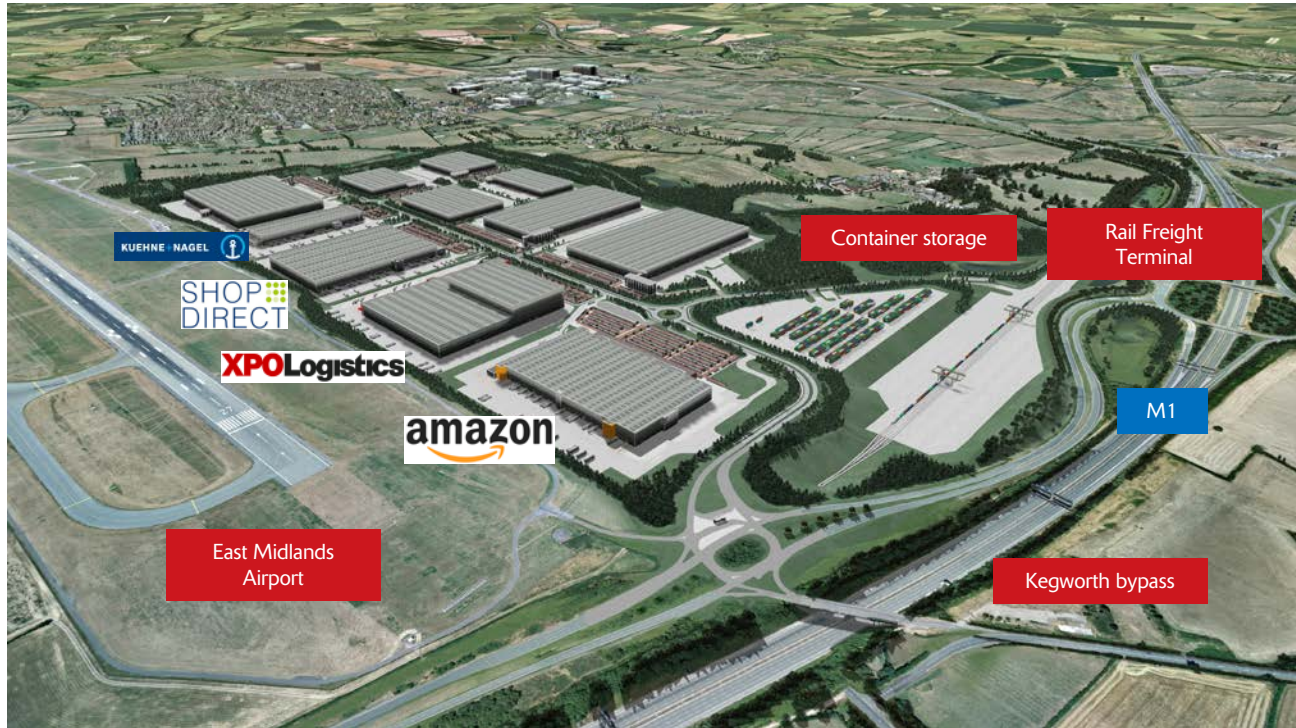
KÜHNE+NAGEL



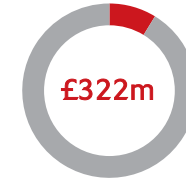
Rapid leasing of speculative space
(Letting status of development completions in 2014-18, %)



Significant early progress at SEGRO Logistics Park East Midlands Gateway



Land and infra costs¹
— £139m spent



Construction costs¹
— £27m spent



Total potential space
— 250,000 sq m
under construction²



Total potential rent
— £11.8m secured
— 7% yield on cost

¹ Includes costs relating to Shop Direct building which will be sold on completion

² Includes mezzanine floors; 177,000 sq m based on footprint.

£200m+ rent from development opportunities in SEGRO's control

Development pipeline	Area (sq m)	Estimated cost to complete (£m)	Potential gross rent (£m)	Estimated development yield	Proportion pre-let	Expected delivery
Current	1,076,300	426 ²	54	7.1%	71%	1-12 months
Near-term pre-lets ¹	236,700	149	17	7%	100%	12-18 months
Future ¹	2.0m	894	91	7-8%	n/a	1-5 years
Optioned land	908,000	n/a	54	7%	n/a	1-10 years



Potential annualised gross rent from current, near-term and future pipeline, by country (£162 million at 30 June 2018)

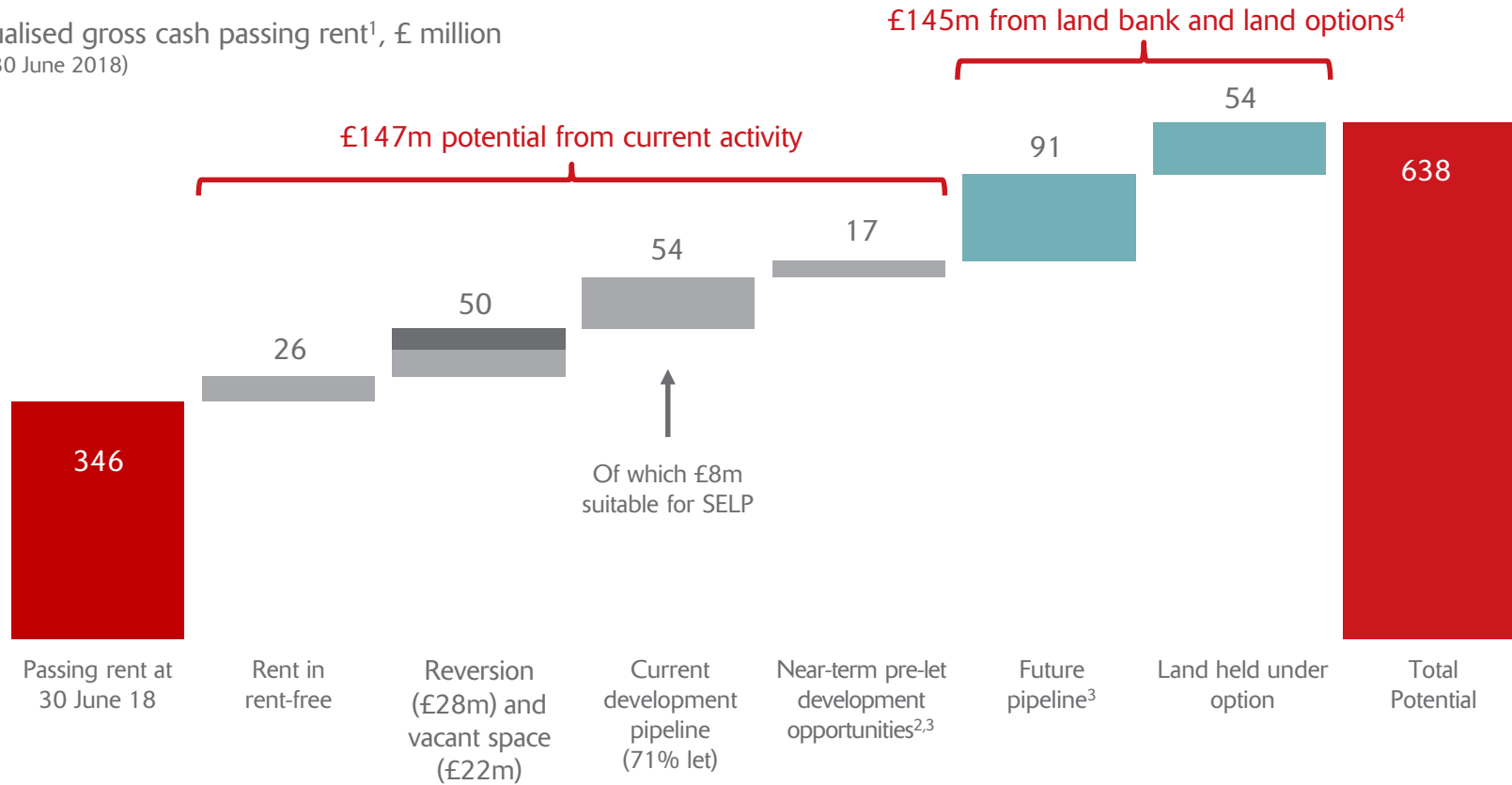


¹ Future development pipeline in the 2018 Half Year Property Analysis Report.

² Total capex of £587m including capex already incurred.

Substantial opportunity to grow rental income

Annualised gross cash passing rent¹, £ million
(as at 30 June 2018)



¹ Including JVs at share

² Near-term development opportunities include pre-let agreements subject to final conditions such as planning permission, and speculative developments subject to final approval, which are expected to commence within the next 12 months

³ Total rent potential of £108m from near-term development opportunities and Future pipeline

⁴ Estimated. Excludes rent from development projects identified for sale on completion and from projects identified as "Near-term opportunities"



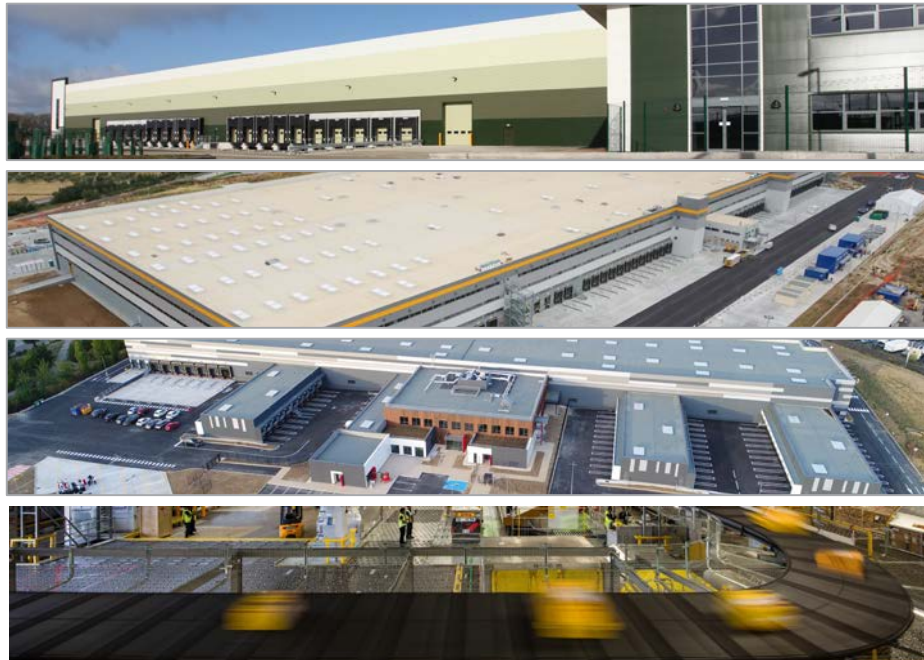
Vailog Logistics Park Castel San Giovanni

Powerful structural drivers of occupational demand

Modest new speculative supply in most markets

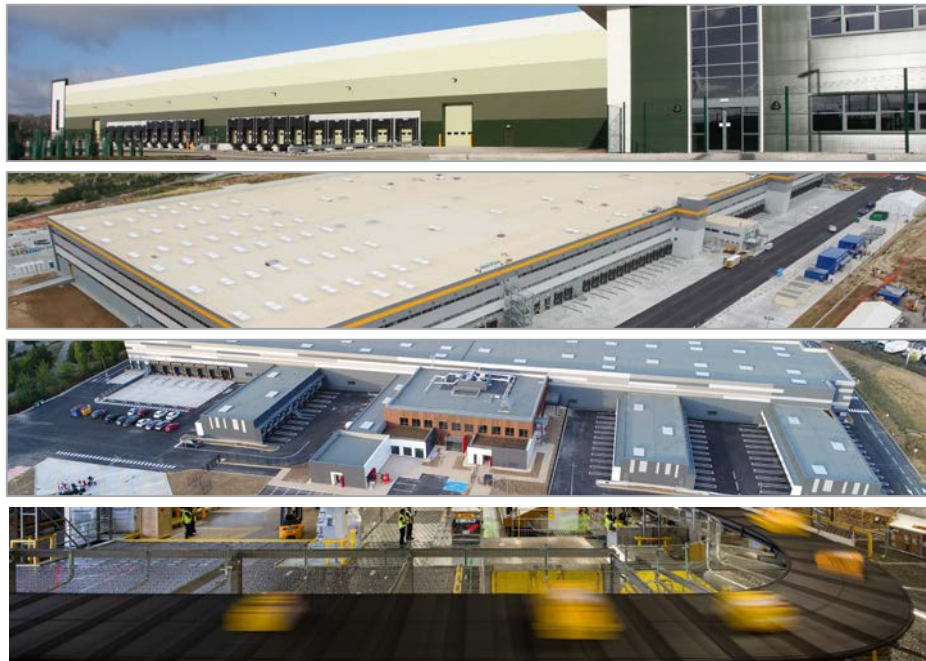
Significant further income growth potential from development and asset management

Strong capital structure



2018 HALF YEAR RESULTS

Q&A



APPENDIX I

PORTFOLIO AND FINANCIAL DATA

	30 June 2018		30 June 2017		31 December 2017	
	£m	£p per share	£m	£p per share	£m	£p per share
EPRA ¹ Earnings	108.6	10.8	90.5	9.7	192.8	19.9
EPRA NAV	6,126.1	603	5,035.5	504	5,607.7	556
EPRA NNNAV	5,965.1	587	4,728.8	472	5,416.0	537
EPRA net initial yield		4.2%		4.7%		4.3%
EPRA topped-up net initial yield		4.5%		5.0%		4.8%
EPRA vacancy rate		4.8%		5.5%		4.0%
EPRA cost ratio (including vacant property costs)		22.5%		22.9%		24.6%
EPRA cost ratio (excluding vacant property costs)		20.8%		20.7%		22.1%

¹ For the periods presented, EPRA EPS is the same as Adjusted EPS.

Adjusted income statement (JVs proportionally consolidated)

	H1 2018			H1 2017		
	Group £m	JVs £m	Total £m	Group £m	JVs £m	Total £m
Gross rental income	145.1	36.9	182.0	127.3	37.3	164.6
Property operating expenses	(23.9)	(2.0)	(25.9)	(23.9)	(2.1)	(26.0)
Net rental income	121.2	34.9	156.1	103.4	35.2	138.6
JV management fee income	8.7	(3.6)	5.1	16.5	(7.9)	8.6
Administration expenses	(20.7)	(0.6)	(21.3)	(17.5)	(0.4)	(17.9)
Adjusted operating profit	109.2	30.7	139.9	102.4	26.9	129.3
Net finance costs	(23.2)	(4.0)	(27.2)	(33.3)	(3.4)	(36.7)
Adjusted profit before tax	86.0	26.7	112.7	69.1	23.5	92.6
Tax and non-controlling interests	(2.0)	(2.1)	(4.1)	(0.7)	(1.4)	(2.1)
Adjusted profit after tax	84.0	24.6	108.6	68.4	22.1	90.5

1 The management fees earned from joint ventures are recorded at 100% in SEGRO's income statement (H1 2018: 8.7 million; H1 2017: £16.5 million). As a 50% owner of the joint ventures, SEGRO's share of JV income includes its share of these fees in JV property operating expenses (H1 2018: £3.6 million; H1 2017: £7.9 million).

Balance sheet (JVs proportionally consolidated)

	30 June 2018			31 December 2017		
	Group £m	JVs £m	Total £m	Group £m	JVs £m	Total £m
Investment properties	7,348.6	1,393.1	8,741.7	6,745.4	1,280.2	8,025.6
Trading properties	34.4	0.6	35.0	12.5	0.6	13.1
Total properties	7,383.0	1,393.7	8,776.7	6,757.9	1,280.8	8,038.7
Investment in joint ventures	873.8	(873.8)	–	792.0	(792.0)	–
Other net liabilities	(64.5)	(79.9)	(144.4)	(10.3)	(45.3)	(55.6)
Net debt	(2,114.9)	(440.0)	(2,554.9)	(1,954.2)	(443.5)	(2,397.7)
Net asset value¹	6,077.4	–	6,077.4	5,585.4	–	5,585.4
EPRA adjustments			48.7			22.3
EPRA NAV			6,126.1			5,607.7

¹ After non-controlling interests

Total cost ratio, H1 2017-18 (proportionally consolidated)

Incl. joint ventures at share	H1 2018 £m	H1 2017 £m
Gross rental income (less reimbursed costs)	180.6	163.6
Property operating expenses	23.9	23.9
Administration expenses	20.7	17.5
JV operating expenses	6.1	6.1
JV and other management fees ²	(10.1)	(10.0)
Total costs¹	40.6	37.5
<i>Of which share based payments</i>	<i>(5.7)</i>	<i>(4.2)</i>
<i>Total costs excluding share based payments</i>	<i>34.9</i>	<i>33.3</i>
Total cost ratio	22.5%	22.9%
<i>Total cost ratio excluding share based payments</i>	<i>19.3%</i>	<i>20.4%</i>

¹ Total costs include vacant property costs of £3.1m for H1 2018 (H1 2017: £3.6m)

² Includes JV property management fee income of £8.7m and management fees of £1.4m (H1 2017: £9.0m and £1.0m respectively)

	H1 2018			H1 2017		
	Group £m	JVs £m	Total £m	Group £m	JVs £m	Total £m
Acquisitions	77.5	53.9	131.4	1,143.6	15.5	1,159.1
Development ¹	208.6	21.7	230.3	184.0	31.0	215.0
Completed properties ²	8.6	3.4	12.0	7.9	2.0	9.9
Other ³	8.7	3.1	11.8	5.0	1.6	6.6
TOTAL	303.4	82.1	385.5	1,340.5	50.1	1,390.6

- Approximately 50% of completed properties capex was for major refurbishment, infrastructure and fit-out costs prior to re-letting.

1 Includes wholly-owned capitalised interest of £3.6 million (H1 2017: £2.5 million) and share of JV capitalised interest of £0.2 million (H1 2017: £0.3 million).

2 Completed properties are those not deemed under development during the year

3 Tenant incentives, letting fees and rental guarantees

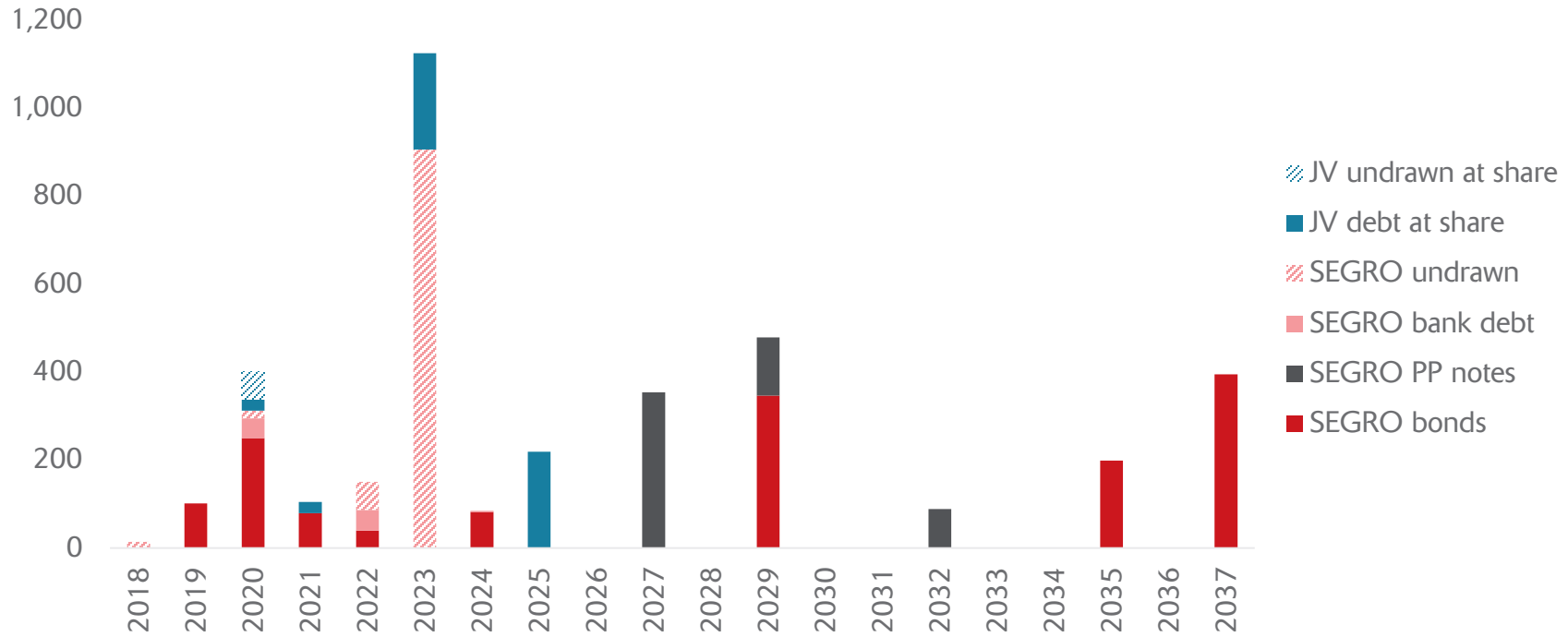
Look-through loan-to-value ratio

	30 June 2018 £m	Weighted average cost of gross debt, % ¹	31 December 2017 £m	Weighted average cost of gross debt, % ¹
Group gross borrowings	2,156	2.2	2,063	2.3
Group cash & equivalents	(41)		(109)	
Group net borrowings	2,115		1,954	
Share of joint venture net borrowings	440	1.4	444	1.4
SEGRO net borrowings including joint ventures at share	2,555	2.0	2,398	2.1
Total properties (including SEGRO share of joint ventures)	8,777		8,039	
'Look-through' loan to value ratio	29%		30%	

¹ Figures exclude commitment fees and amortised costs

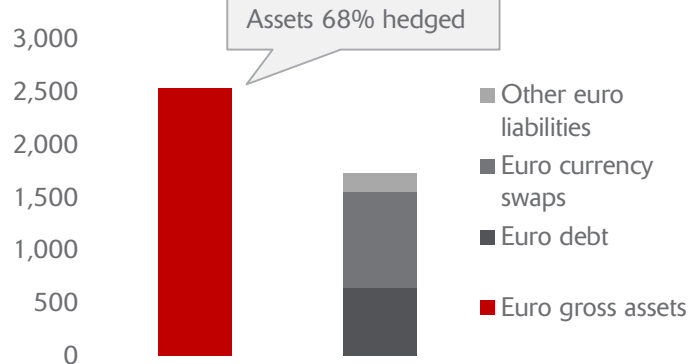
Debt maturity profile at 30 June 2018, £m

Debt maturity by type and year, £ millions
(as at 30 June 2018)



Balance sheet, £m

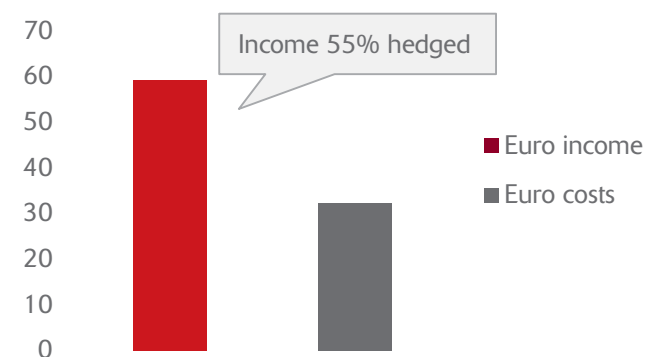
30 June 2018



- €1.13:£1 as at 30 June 2018
- € assets 68% hedged by € liabilities
- €914m (£802m) of residual exposure – 13% of Group NAV
- Illustrative NAV sensitivity vs €1.13:
 - + 5% (€1.19) = - c.£38m (-c.3.7p per share)
 - - 5% (€1.07) = + c.£42m (+c.4.1p per share)

Income Statement, £m

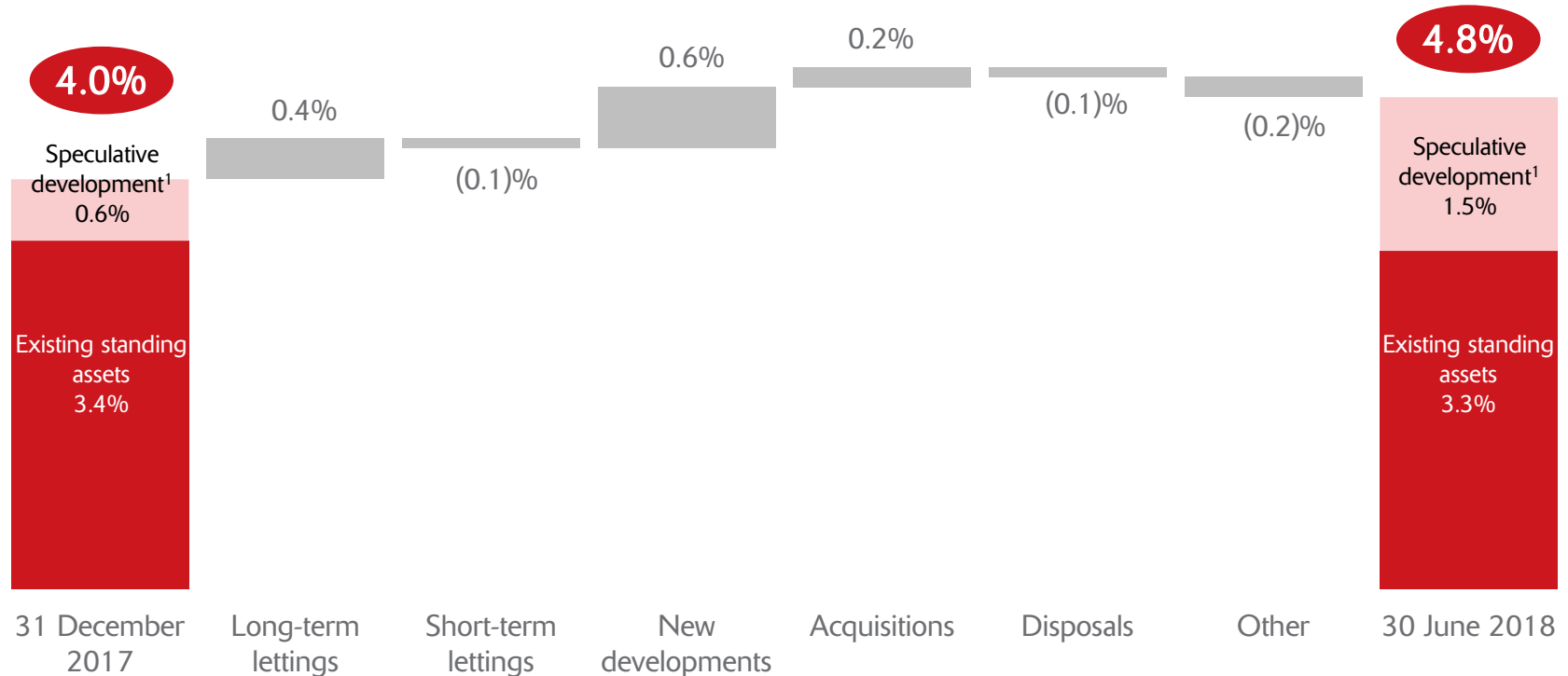
6 months to 30 June 2018



- Loan to Value (on look-through basis) at €1.13:£1 is 29%,
- Sensitivity vs €1.13:
 - +5% (€1.19) LTV -0.7%-points
 - -5% (€1.07) LTV +0.7%-points

- Average rate for 6 months to 30 June 2018 €1.14:£1
- € income 55% hedged by € expenditure (including interest)
- Net € income for the period €31m (£27m) – 25% of Group
- Illustrative annualised net income sensitivity versus €1.14:
 - + 5% (€1.20) = -c£2.6m (c0.3p per share)
 - - 5% (€1.08) = +c2.8m (c0.3p per share)

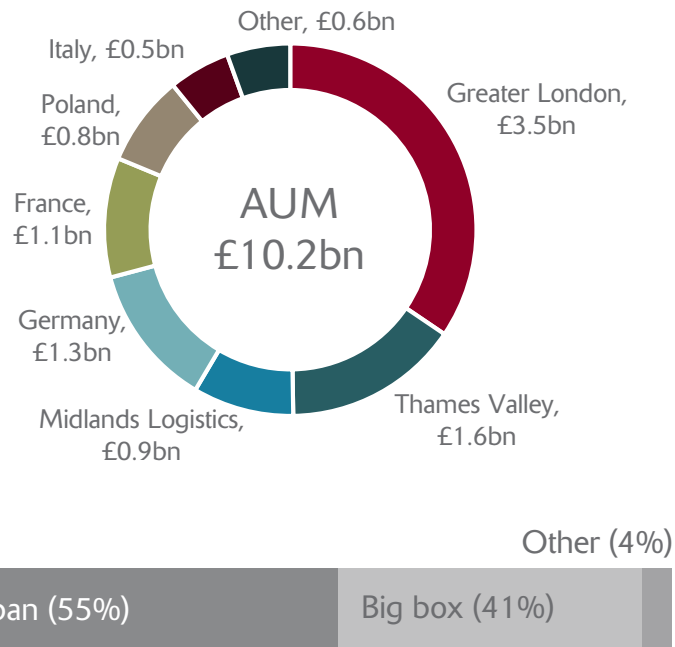
Vacancy rate reconciliation, 31 December 2017 to 30 June 2018



1 Speculative developments completed in preceding 24 months.

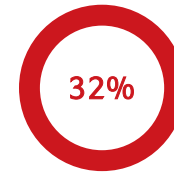
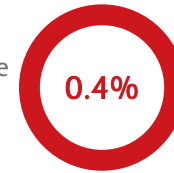
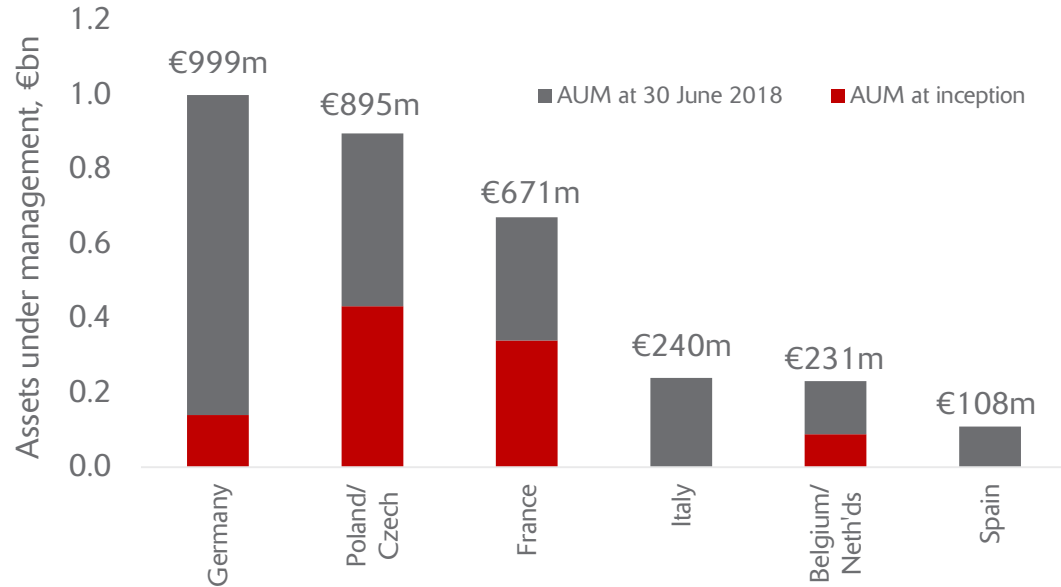
A prime portfolio of modern warehouses

Portfolio split by geography and asset type
(at 30 June 2018)



SEGRO European Logistics Partnership (SELP) headline figures

Assets under management
(as at 30 June 2018)



Current development pipeline (as at 30 June 2018)

1,076,289
sq m

£54m
ERV

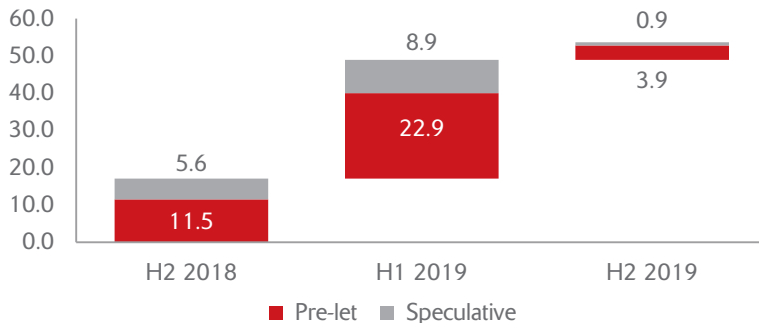
£38m
rent secured
(71%)

£426m
cost to complete

7.1%
Yield on cost

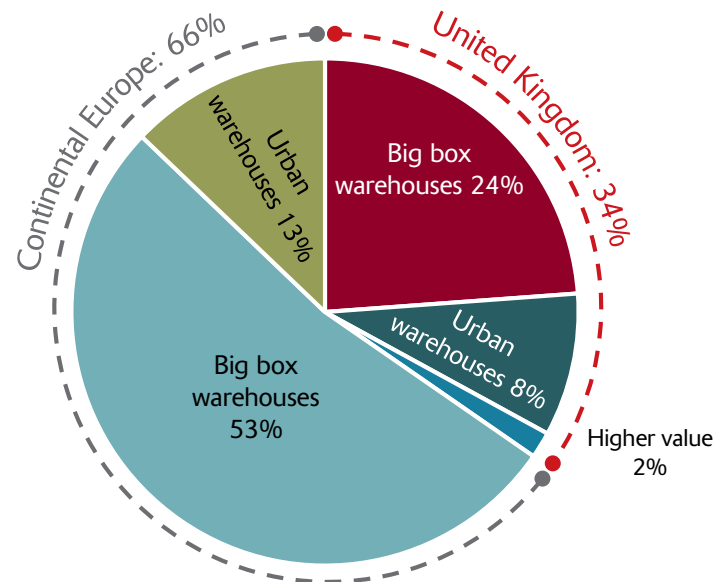


Gross rent from development completions, £m
(as at 30 June 2018, including joint ventures at share)



All figures include joint ventures at share.

Current development projects, asset type by ERV (30 June 2018)



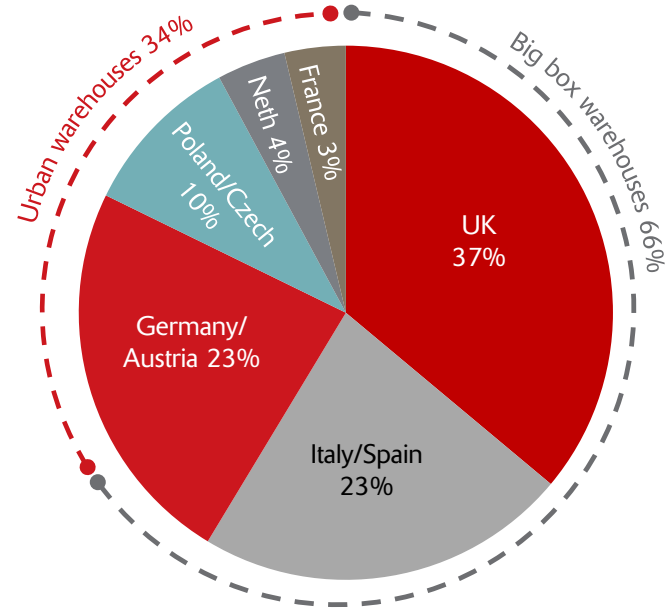
Development land bank

(30 June 2018)



Geographic split of land bank, by potential ERV¹

(30 June 2018)

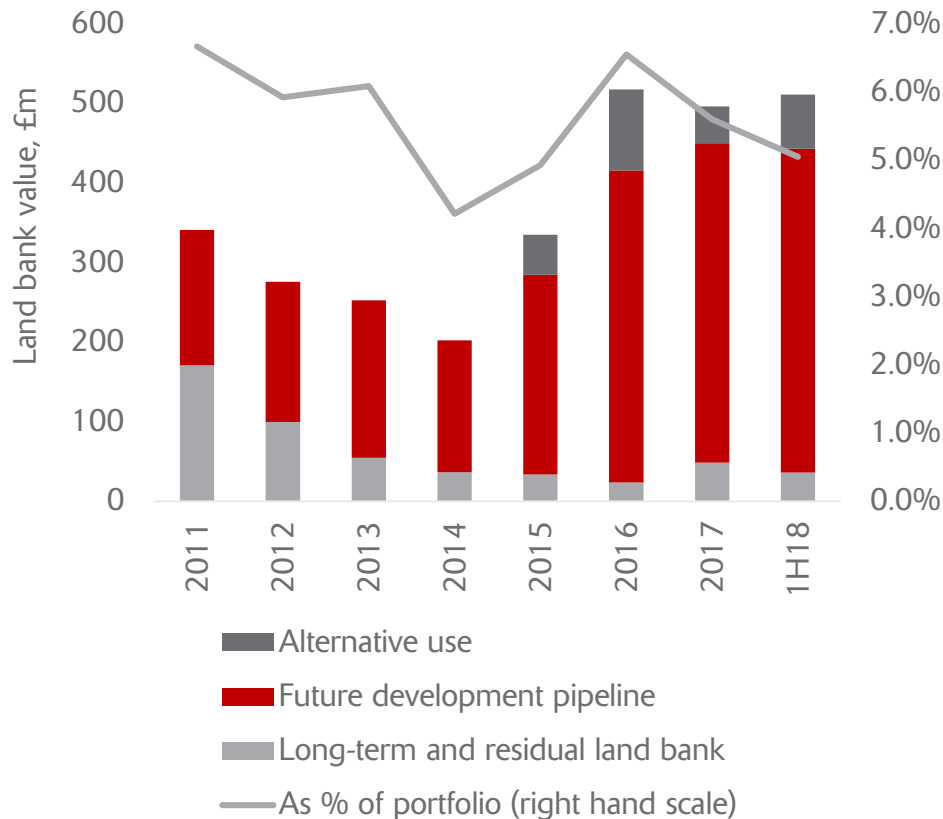


All figures include joint ventures at share.

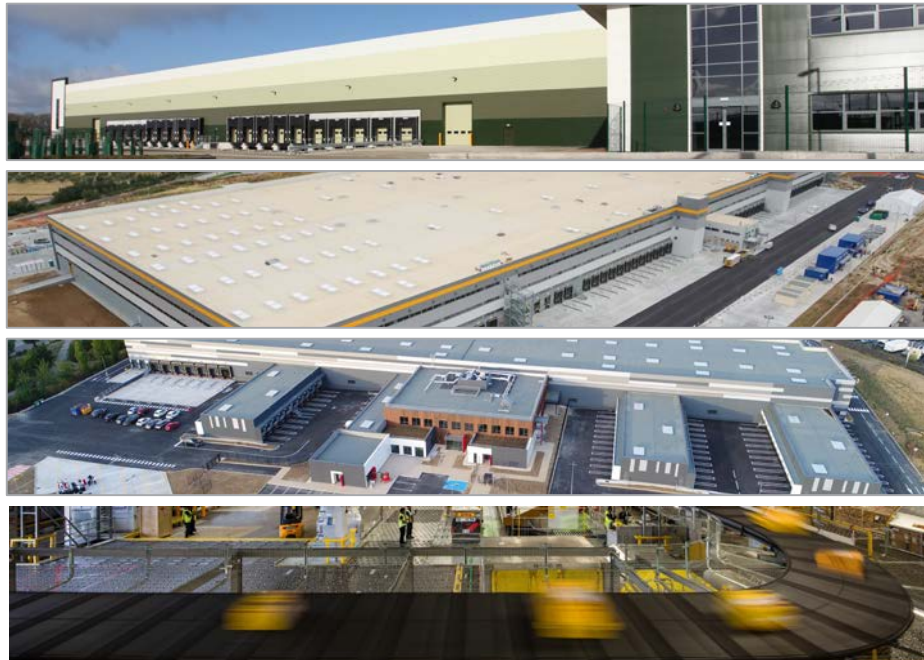
¹ Future development pipeline including near-term projects but excluding land under option.

² Excludes near-term projects and potential developments on land held under option.

Land bank provides optionality and opportunity for growth



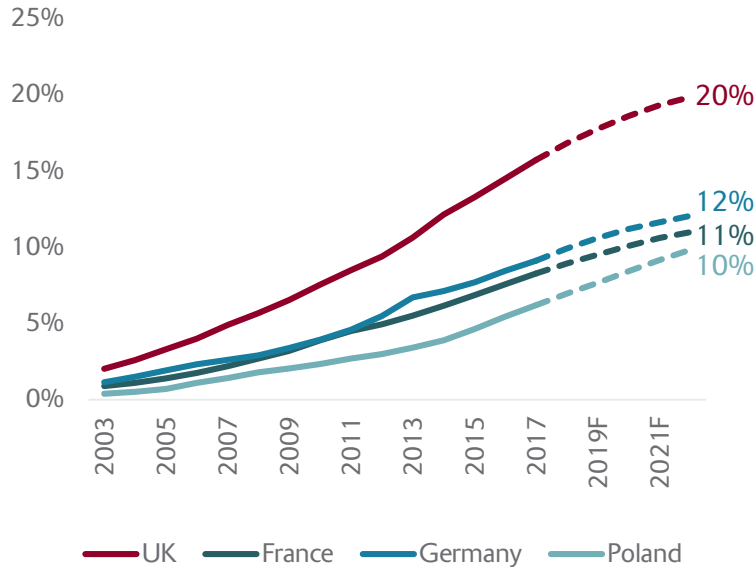
- £46m of land bank subject to conditional sale for alternative (residential) use
- Additional opportunity from land held under option



APPENDIX II

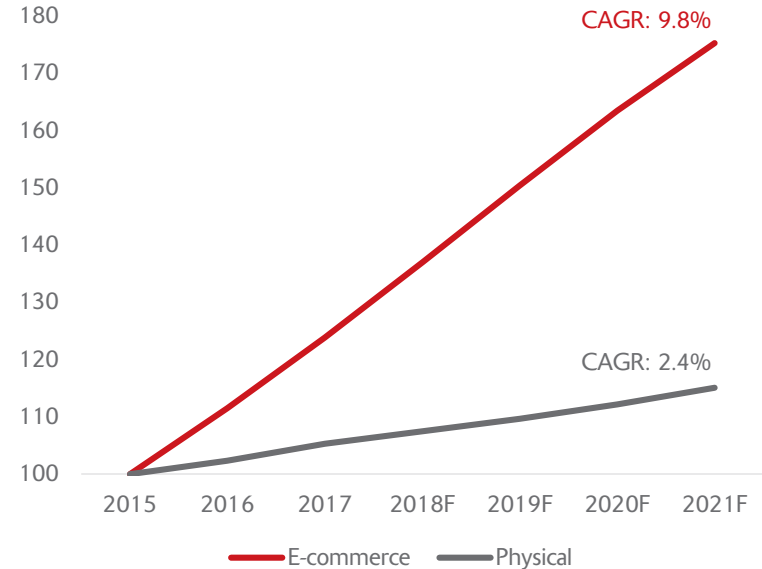
MARKET DATA

Online purchases as share of total retail sales



Source: Euromonitor

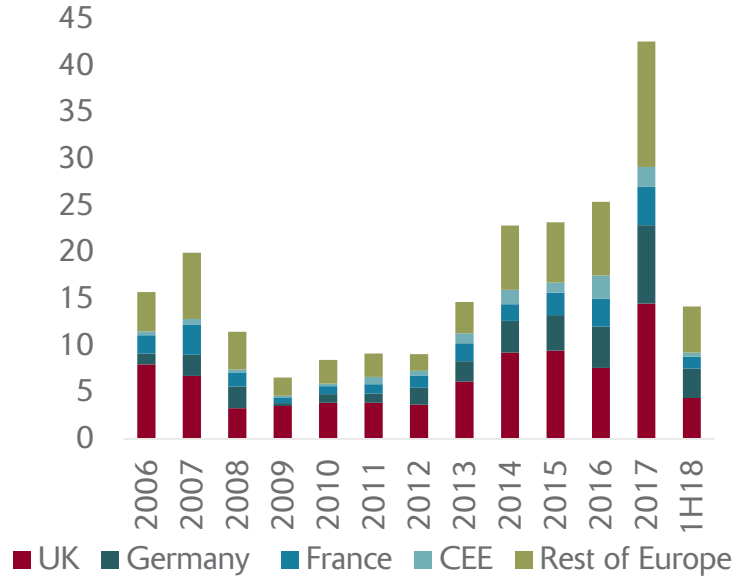
Growth of pan-European retail sales via e-commerce vs physical stores (2015=100)



Source: Colliers International - Online retailers and the growth of 'showrooming'

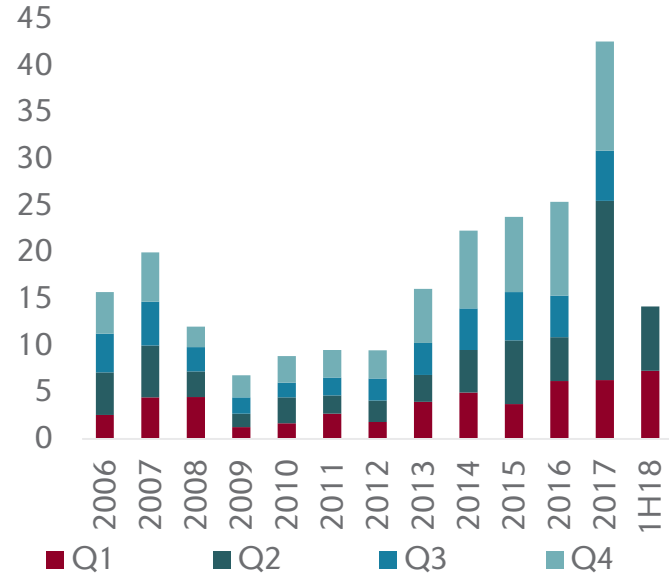
European industrial investment volumes

By geography, €bn



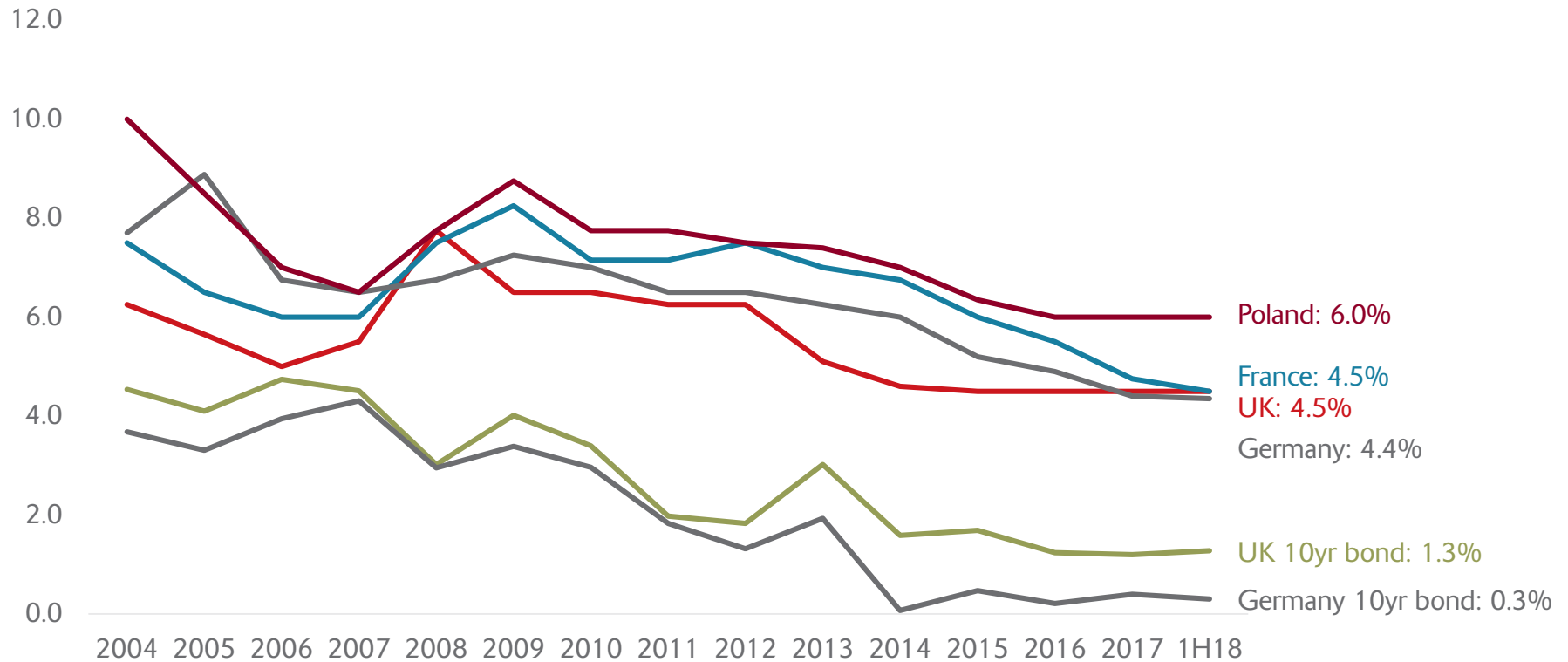
European industrial investment volumes

By quarter, €bn



Source: CBRE

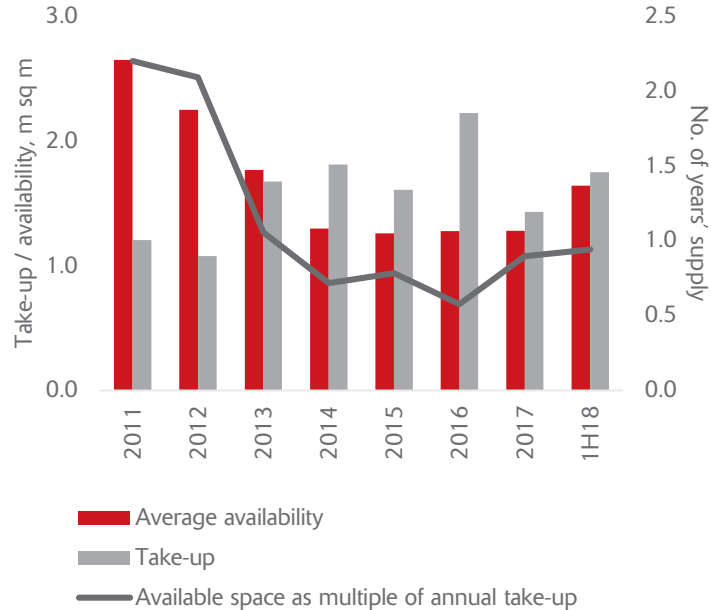
Prime logistics yields vs 10 year bond yields



Source: CBRE, Bloomberg (data correct at 30 June 2018)

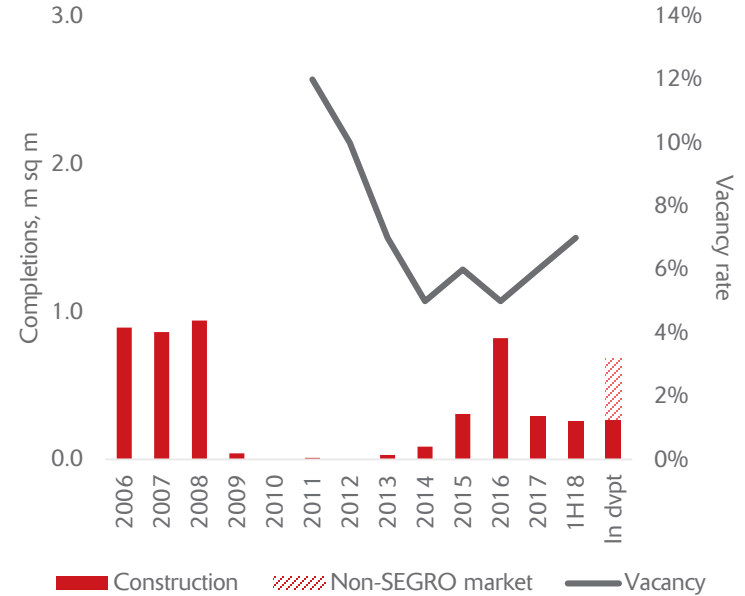
UK Big Box supply-demand dynamics¹

(m sq m)



Speculative UK Big Box completions²

(m sq m)

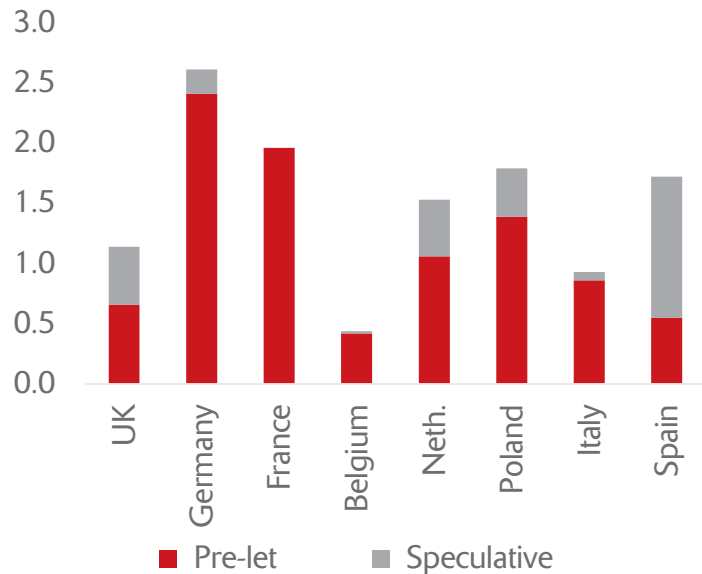


¹ Source: JLL (logistics warehouses >100,000 sq ft, Grade A)

² Source: JLL

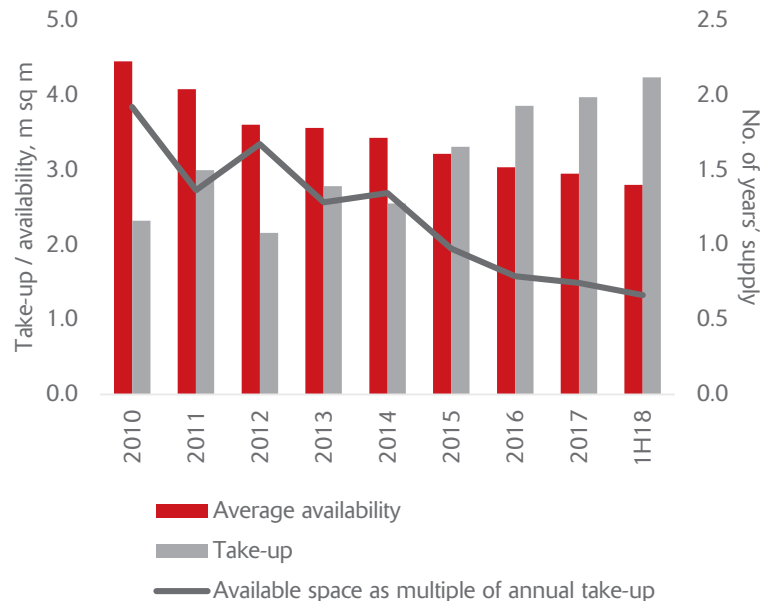
Logistics space under construction¹

(m sq m, 31 March 2018)



France logistics supply-demand dynamics²

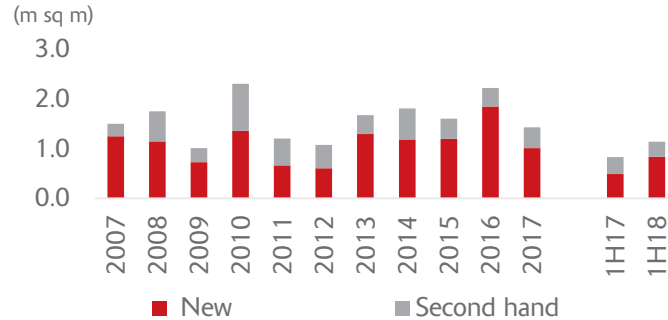
(m sq m, 30 June 2018)



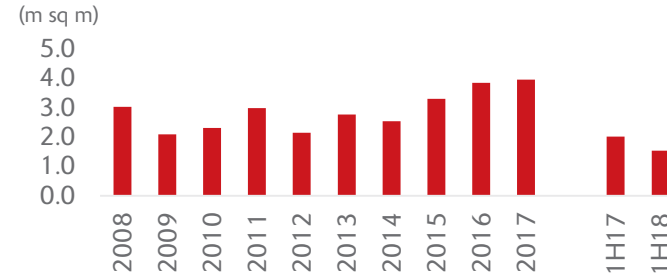
¹ Source: JLL

² Source: CBRE

Take-up of warehouse space >100,000 sq ft – UK¹



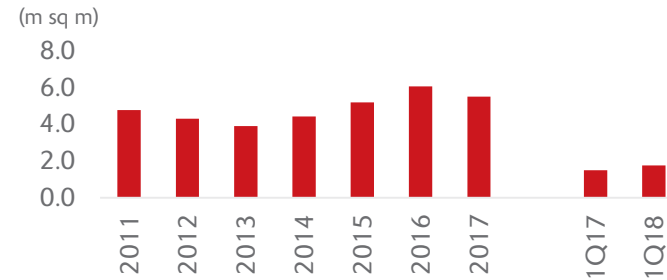
Take-up of warehouse space >5,000 sq m – France²



Take-up of warehouse space – Poland¹



Take-up of warehouse space >5,000 sq m – Germany³

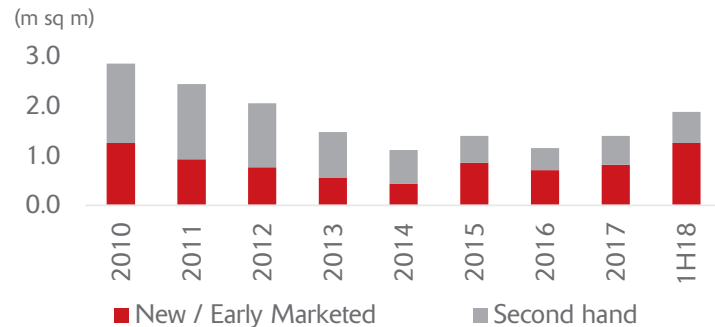


¹ Source: JLL

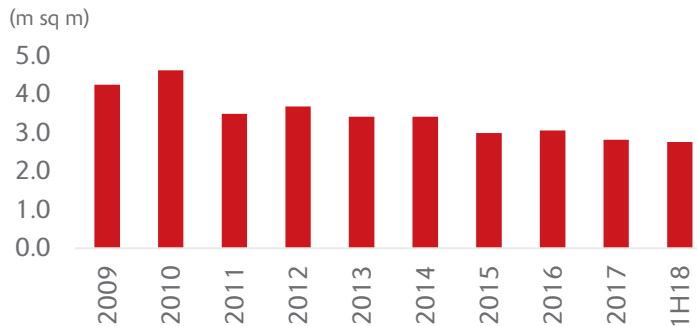
² Source: CBRE

³ Source: BNP Paribas Real Estate

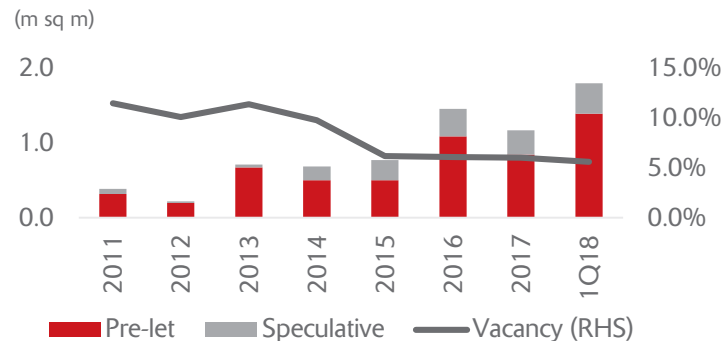
Availability of Grade A warehouse space >100,000 sq ft– UK¹



Availability of warehouse space >5,000 sq m – France²



Warehouse space under construction and vacancy rate – Poland¹

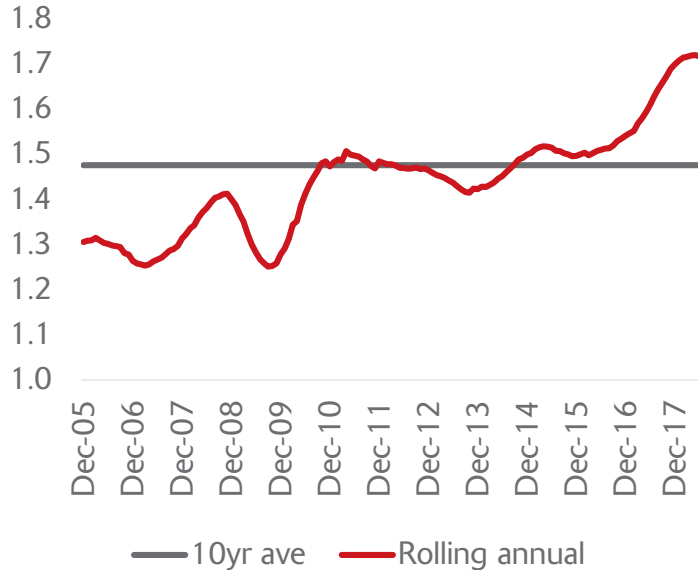


¹ Source: JLL

² Source: CBRE

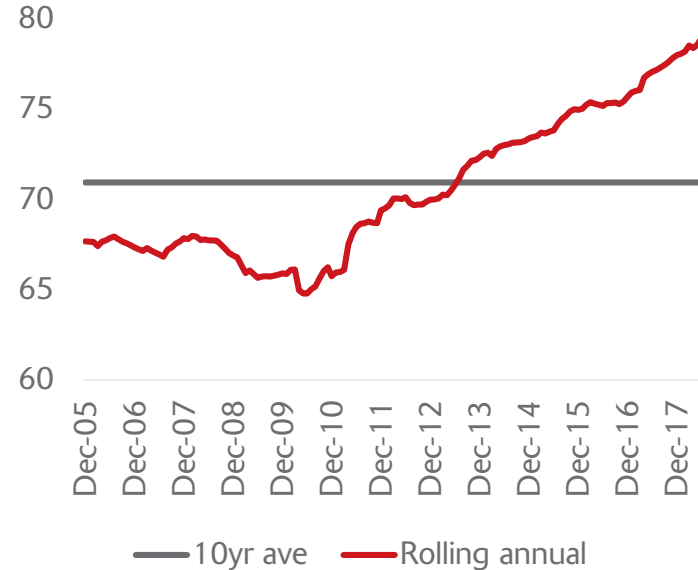
Heathrow Airport cargo volumes

(million metric tonnes)



Heathrow Airport passenger volumes

(millions)



Source: Heathrow Airport

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