

2018 FULL YEAR RESULTS

15 FEBRUARY 2019

Attractive returns for shareholders

Total property return	15.4%	Adjusted EPS growth	17.6%
NAV growth	16.9%	Total dividend growth	13.3%

£769 million invested

Asset acquisitions	£81m
Development capex	£548m
Land acquisitions	£140m

£442 million disposals

Asset sales	£372m
Land sales	£70m



Strong operating metrics

£66m new rent contracted	+24%
Customer retention rate	89%
Low vacancy rate	5.2%
Like-for-like net rental income	+3.1%
ERV growth	+3.4%

Financial strength

LTV ratio	29%	Cost of debt	1.9%
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Strong financial results, balance sheet further strengthened

Disciplined approach to capital allocation

Further operational excellence, strong property operating metrics

Well set for further outperformance in 2019 and beyond



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- 17.6% adjusted EPS growth to 23.4p
- 16.9% NAV growth to 650p
- 2018 final dividend increased by 16.7%
 - Total 2018 dividend increased by 13.3%

£241.5m

Adjusted
pre-tax profit

+3.1%

Like-for-like net rental
income growth

£9.4bn

Portfolio value
(10.7% growth)

29%

Loan to Value ratio
(FY 2017: 30%)

13.25p

Final dividend per share
(2017: 11.35p)

18.8p

Total dividend per share
(2017: 16.6p)

24.4% increase in Adjusted PBT

Adjusted income statement

	2018	2017
	£m	£m
Gross rental income	297.7	272.9
Property operating expenses	(50.1)	(52.2)
Net rental income	247.6	220.7
Share of joint ventures' adjusted profit after tax ¹	39.0	47.6
Joint venture fee income	44.9	24.3
Administration expenses	(44.1)	(39.7)
Adjusted operating profit	287.4	252.9
Net finance costs	(45.9)	(58.7)
Adjusted profit before tax	241.5	194.2
Tax on adjusted profit	1.8%	0.6%

- £6.7m from growth in like-for-like net rental income (Group: +3.1%, UK: +4.1%, CE: +1.0%)
- £20m contribution from development

- SELP performance fee: net impact of £12 million (1.2 pence per share)²

- Average cost of debt 1.9%

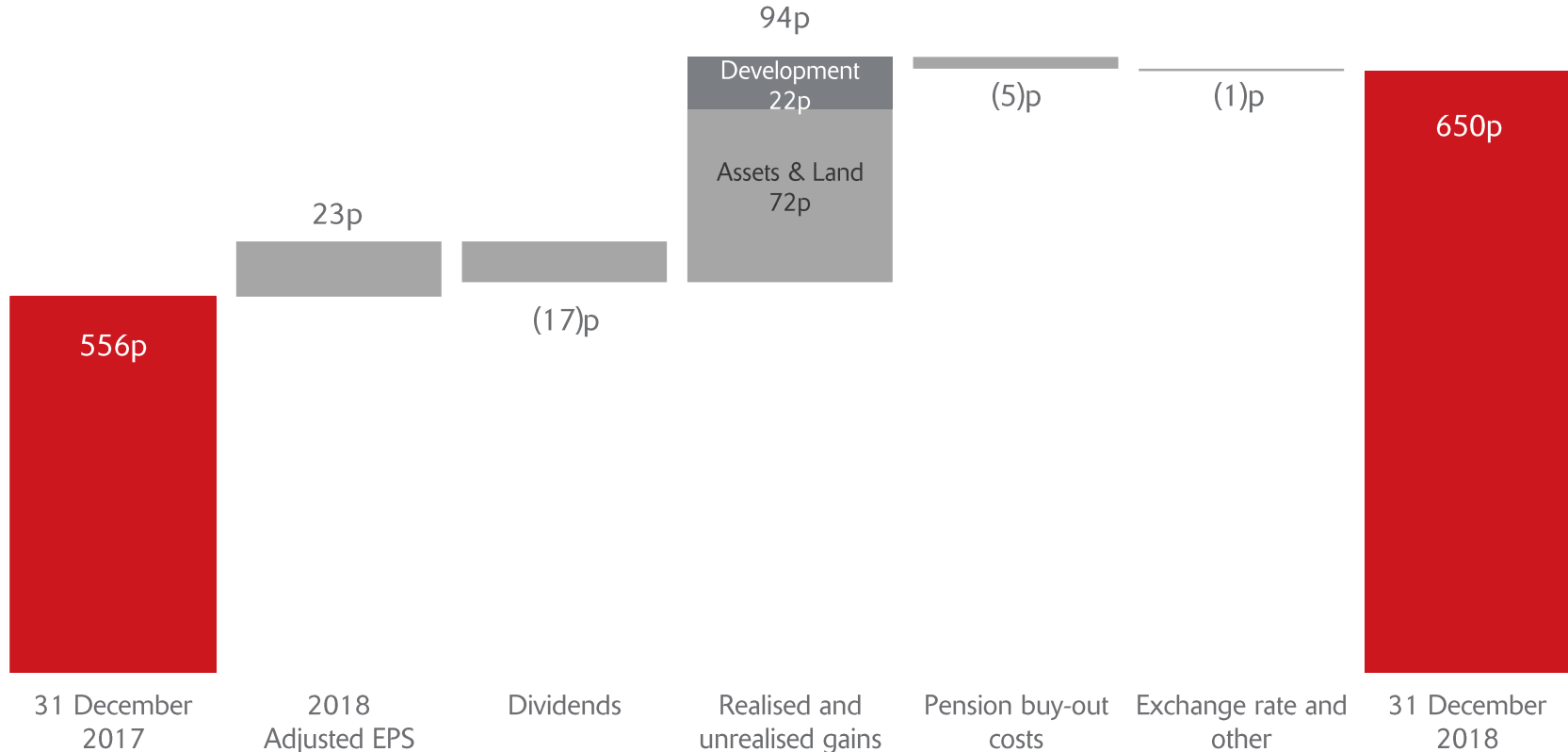
- Total cost ratio of 22.9% (2017: 24.6%)
- 19.9% excl share based payments (2017: 21.7%)

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

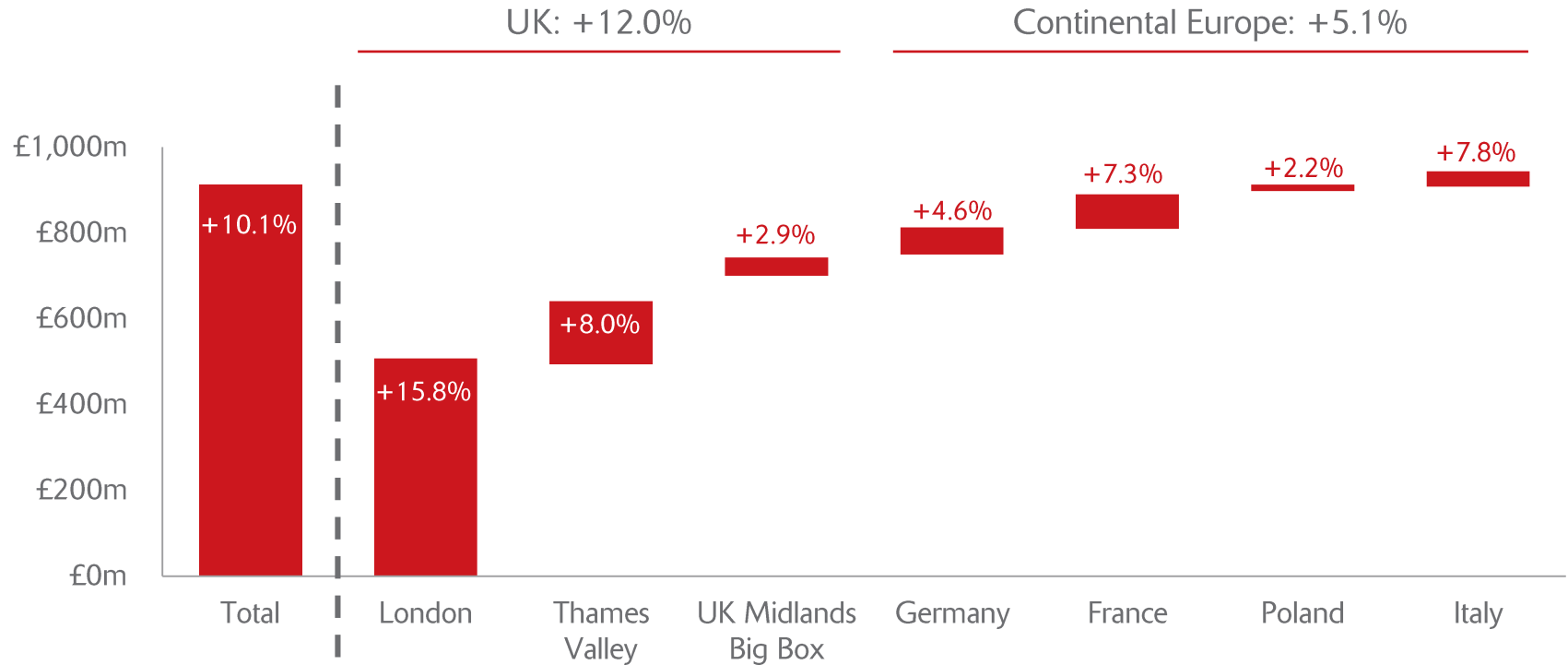
² See appendices for further information

16.9% increase in EPRA NAV

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

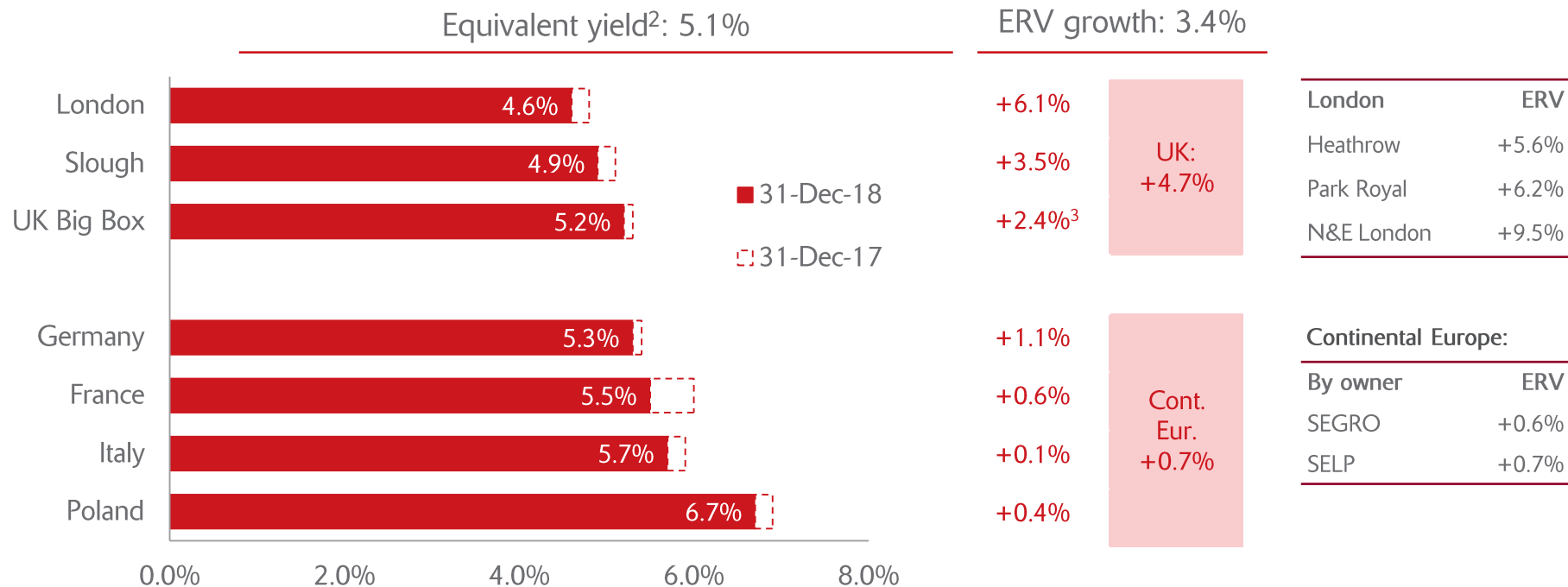


£912m valuation surplus



Percentage change relates to investment properties held throughout 2018, including JVs at share.

Driven by asset management, yield shift and rental growth¹

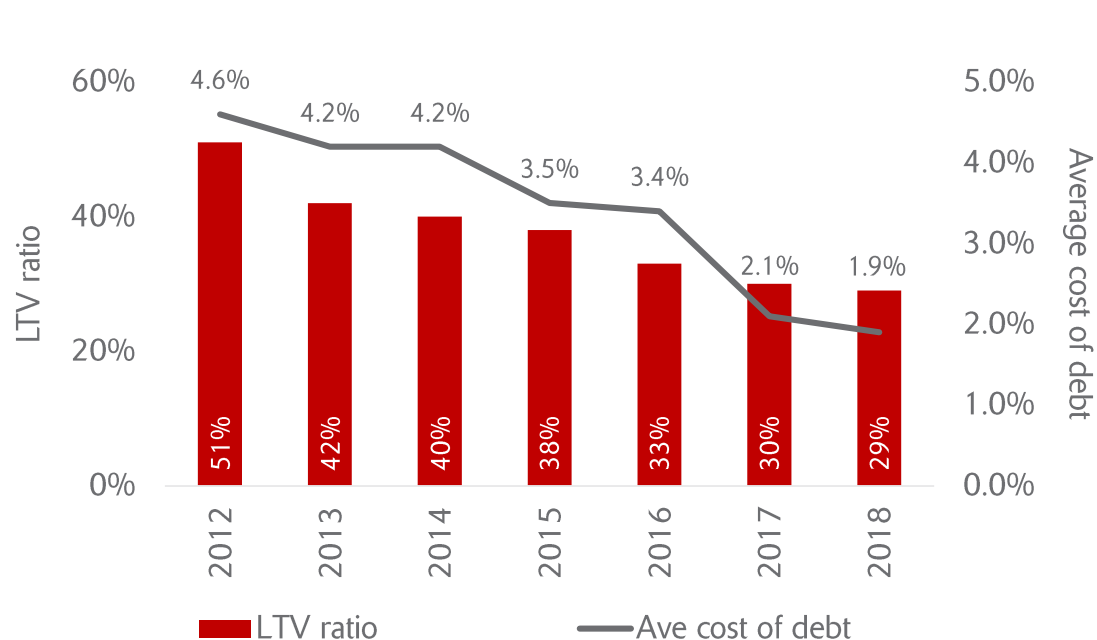


¹ Yield on standing assets at 31 December 2018; ERV growth based on assets held throughout 2018.

² Net true equivalent yield

³ Includes big box warehouses in the Midlands and South East

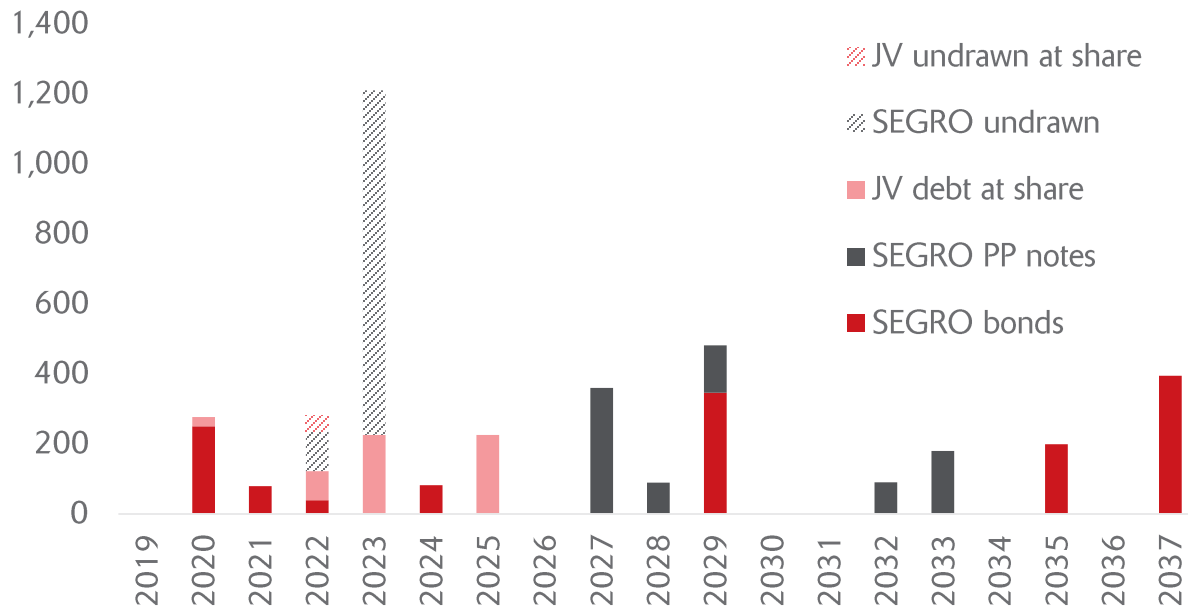
LTV ratio and average cost of debt (incl share of joint ventures), 2012-18



- 2019: £600m+ estimated development capex (incl land and c£30m of infrastructure capex)
- 2019: c£150-250m estimated disposals

Further improvements to the debt structure

Debt maturity by type and year, £ millions
(as at 31 December 2018)



- Net debt¹: £2.7bn (2017: £2.4bn)

- Debt maturity 10.2 years (from 10.8 years at end-2017)
- £1.2bn bank facilities (2022-23), fully undrawn at year end

- €300m US Private Placement to refinance remaining 2019 bonds
- 13yr average duration, 2.2% average coupon

¹ SEGRO net borrowings, including JV net debt at share



BidFood, Slough Trading Estate

- 17.6% adjusted EPS growth
- Improved debt structure
- 2018 full year dividend increased by 13.3%



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Acquisitions

Land and development

Active recycling

- Including four urban warehouses estates in France and Poland
- Newly built big box warehouse in the Netherlands for SELP
- 19% interest in Sofibus Patrimoine

- £501m of development capex
- £47m infrastructure spend
- £140m invested in 20 site acquisitions

- Remaining assets in Belgium
- 1.5m sq ft warehouse in Rome
- Mature assets in London
- £61m proceeds from sale of land in west London to a residential developer



£81m
of asset acquisitions

£688m
of land and development
spend

£442m
of selective asset and land
disposals



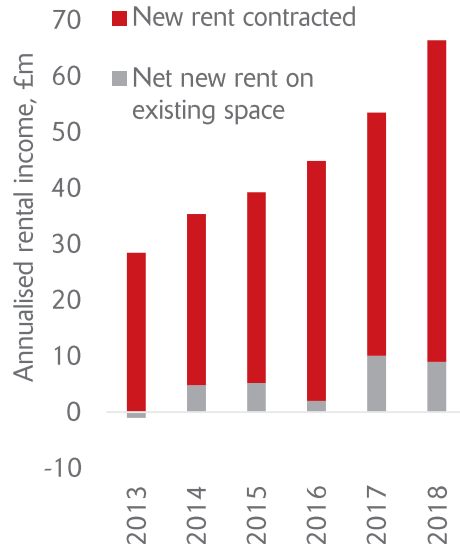
Strong financial results, balance sheet further strengthened

Disciplined approach to capital allocation

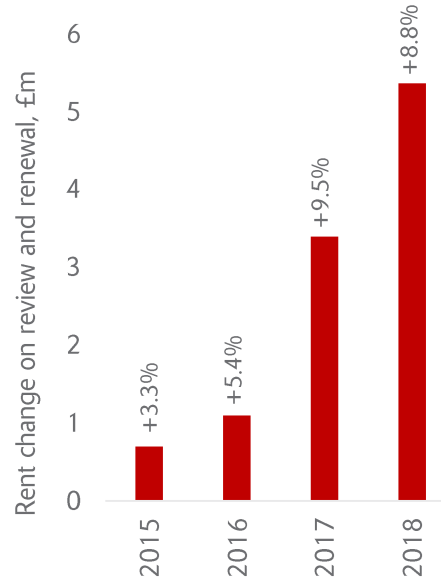
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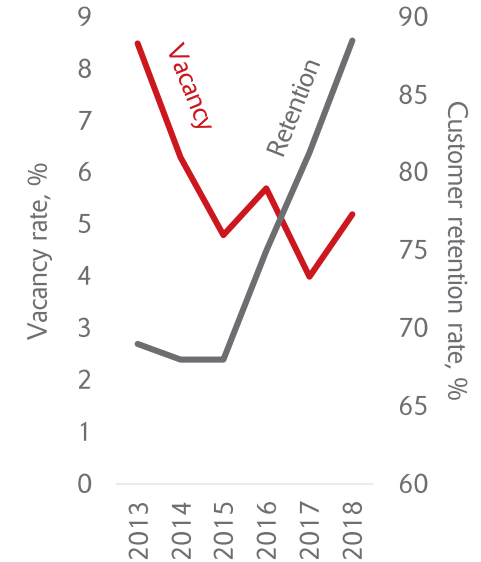
Strong leasing success in 2018¹



Capturing reversion from renewals and reviews²



Record levels of customer retention and sustained high occupancy³



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

³ Vacancy rate based on ERV at 31 December 2018; customer retention rate based on headline rent retained in the same or alternative SEGRO premises.

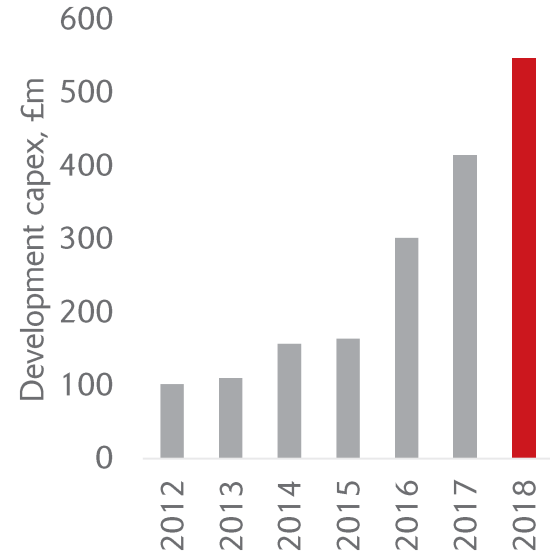
Urban warehouses



Big box warehouses



Capex on developments and infrastructure
£m (SEGRO share)



673,400
sq m

40 completed
developments

£40m

Potential
rent —
83% leased

8.2%

Average yield
on cost

+22.1%

Uplift on
development

Over 1.8 million sq m of sustainably certified¹ assets in our portfolio

Continuing to install solar panels where feasible – we now have enough to power 3,000 homes

New Responsible SEGRO targets for 2025:

- 40% reduction in carbon footprint in line with the Paris Agreement on Climate Change
 - Deliver low impact buildings based on 20% reduction in embodied carbon
 - Zero waste to landfill for all new developments
-



FTSE4Good

¹ Buildings with a voluntary certification such as BREEAM, DGNB, HQE or similar.



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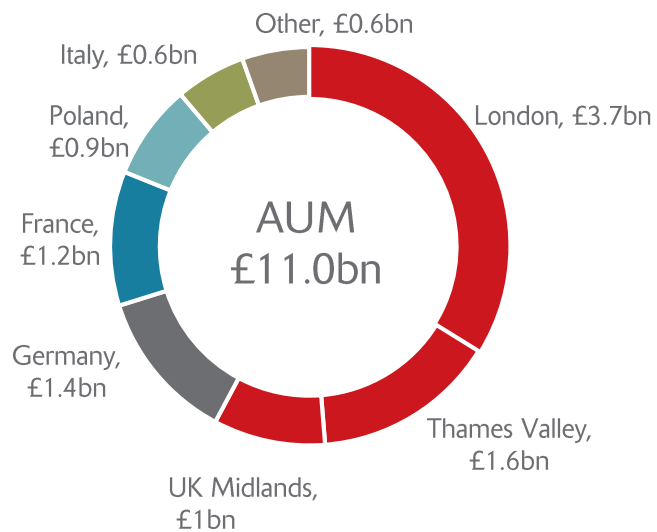
Prime portfolio of warehouses in strong locations and a substantial land bank

A diversified customer base

Future performance supported by powerful structural tailwinds

Income, rental growth and development to drive ongoing returns

Portfolio split by geography and asset type
(at 31 December 2018)

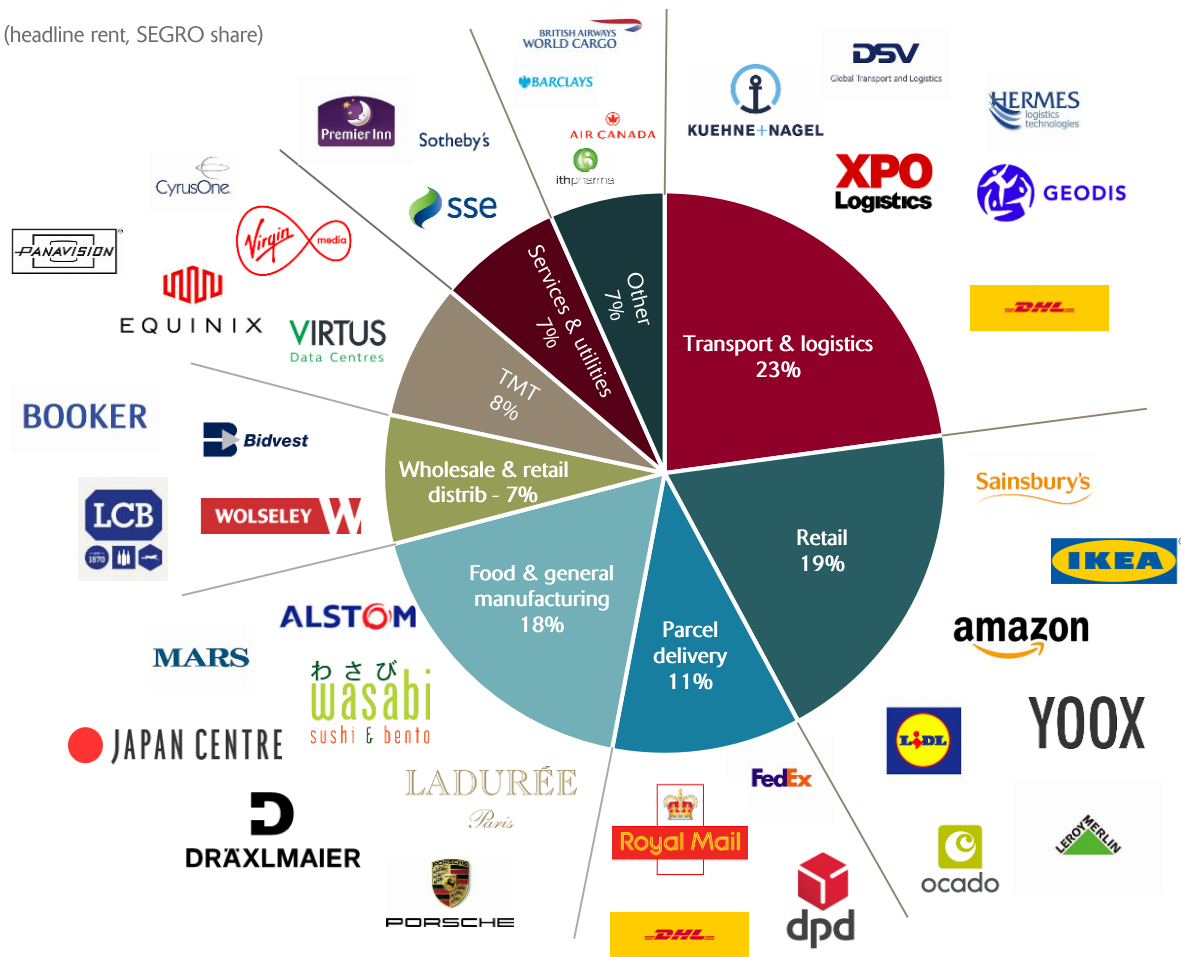


Our key markets



A very diversified customer base

Customer sectors (headline rent, SEGRO share)



- Over 1,150 customers

- Top 20 customers = 31% of total group headline rent

Urbanisation



Population growth

Reducing land availability

Increasing demand for goods and services

Environmental and regulatory pressures

Technological revolution



E-commerce growth

Growth of digital data and the cloud

Warehouse automation and robotics

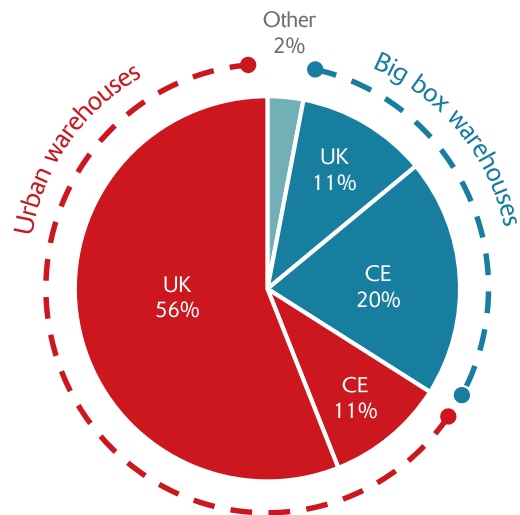
Power and data connectivity

Urban warehouses (67%)

- Smaller units, generally < 10,000 sq m
- Diverse range of uses (including 'last mile' delivery and datacentres)
- Increased demand as a result of population expansion and growth of the digital economy
- Development highly restricted by declining land availability
- Lower net income yields, greater asset management potential
- Highest rental growth prospects

Future performance mainly driven by income yield and rental growth

Portfolio by type:
(valuation, SEGRO share)
Data as at 31 December 2018



Big boxes (31%)

- Larger units, generally over 10,000 sq m
- Mainly used for bulk storage and distribution of goods
- Increased demand as a result of online retail and supply chain optimisation
- Higher availability of development land but development constrained by planning/ zoning challenges
- Higher net income yields, lower management intensity
- Lower rental growth prospects

Future performance mainly driven by income yield, JV fees and development gains

Rental growth to remain strongest in urban warehouses

Property Type	Region	% of portfolio ¹	Demand conditions	Supply conditions	SEGRO ERV growth 2018	SEGRO ERV growth expectations
Urban warehouses	UK (London, Thames Valley)	56%	STRONG	LIMITED	6.0%	5% ↕ 2%
	Continental Europe	11%	STRONG	LIMITED	0.8%	
Big box warehouses	UK (South-East, Midlands)	11%	STRONG	MODERATE	2.4%	2% ↕ 1%
	Continental Europe	20%	STRONG	MODERATE	0.7%	

...with £31m of reversionary potential to capture

¹ Percentage of portfolio based on valuations as of 31 December 2018. 2% of the portfolio in other uses of industrial land, e.g. self-storage, car showrooms, offices

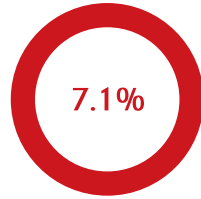
Development volume to remain strongest in big box warehouses



38 current developments

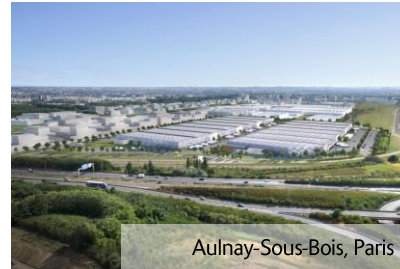
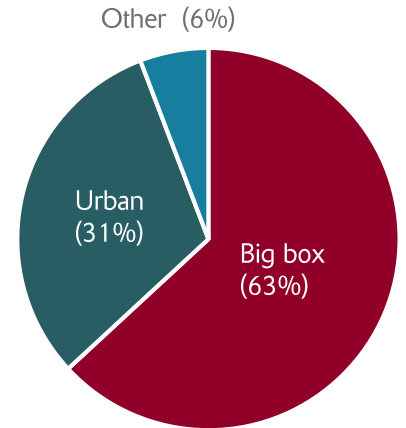


Potential rent — 73% leased



Average yield on cost

Potential annualised gross rent from current pipeline, by asset type (£46 million at 31 December 2018)



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

Development pipeline	Area (sq m)	Estimated cost to complete (£m)	Potential gross rent (£m)	Estimated yield	Proportion pre-let	Expected delivery
Current	827,737	211 ²	46	7.1%	73%	1-12 months
Near-term pre-lets ¹	441,502	218	23	7.1%	100%	12-18 months
Future ¹	2.1m	913	92	7-8%	n/a	1-5 years
Optioned land	0.9m	n/a	48	7-8%	n/a	1-10 years



Potential annualised gross rent from current, near-term and future pipeline³, by asset type (£161 million at 31 December 2018)



Other (2%)

Potential annualised gross rent from current, near-term and future pipeline³, by region (£161 million at 31 December 2018)



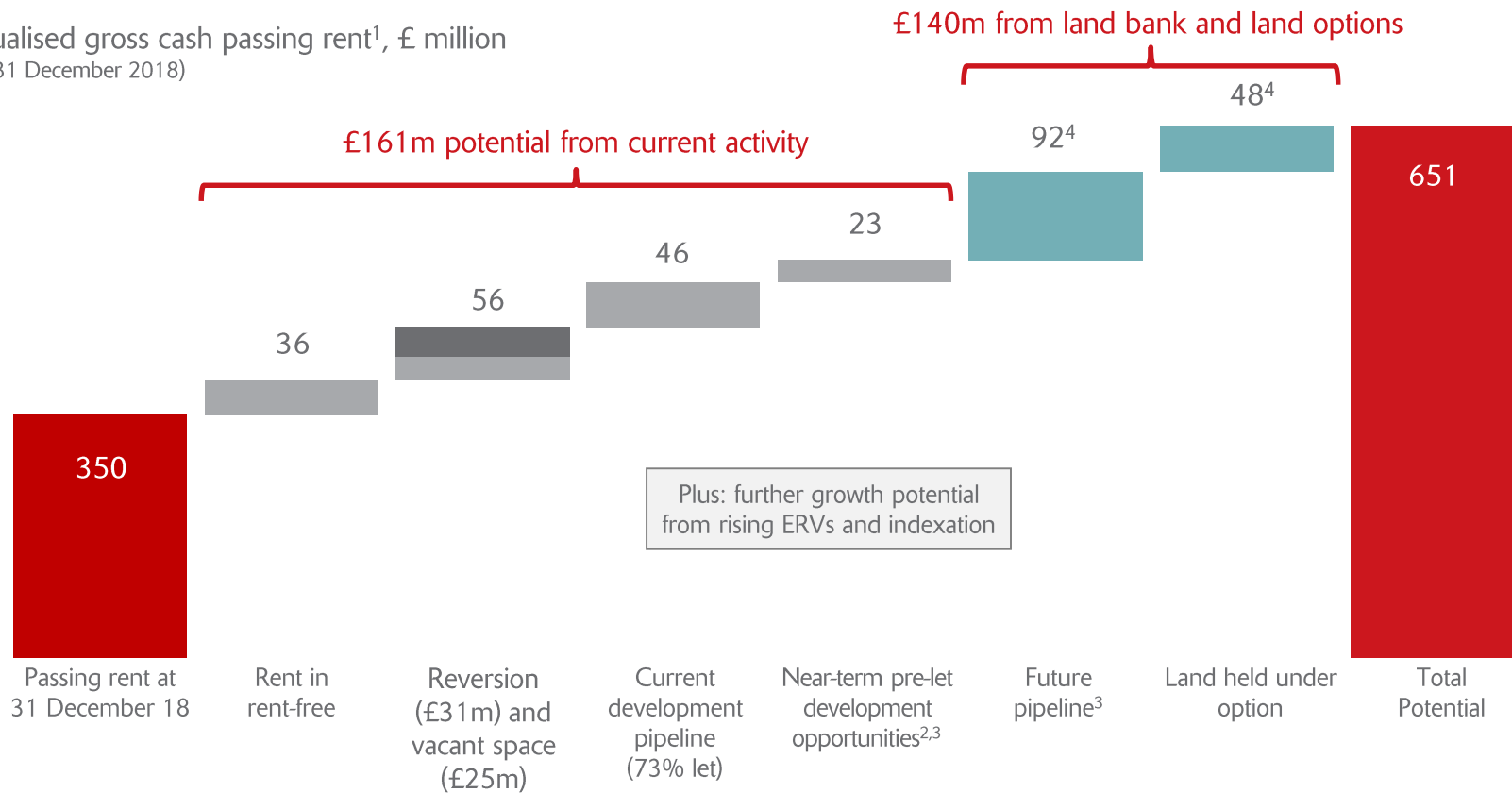
¹ Future development pipeline in the 2018 Full Year Property Analysis Report.

² Total capex of £450m including capex already incurred

³ Excludes optioned land

Potential to grow rental income significantly

Annualised gross cash passing rent¹, £ million
(as at 31 December 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 £115m 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"

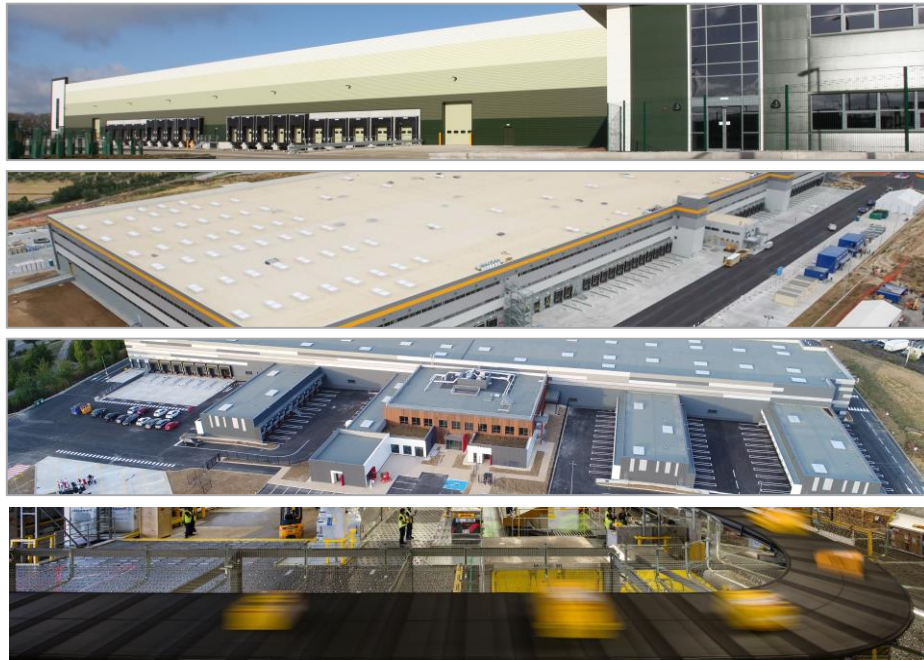


Prime portfolio of warehouses in strong locations and a substantial land bank

A diversified customer base

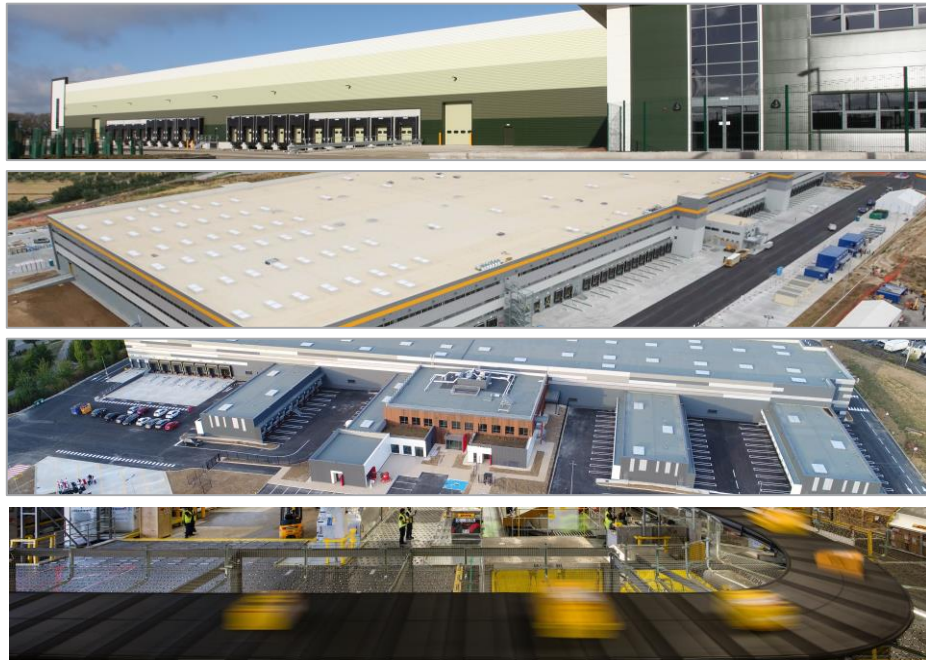
Future performance supported by powerful structural tailwinds

Income, rental growth and development to drive ongoing returns



2018 FULL YEAR RESULTS

Q&A



APPENDIX I

PORTFOLIO AND FINANCIAL DATA

Impact of SELP performance fee

Adjusted income statement

	2018 £m	<i>Impact of SELP performance fee, £m</i>	2018 (excl performance fee) £m
Gross rental income	297.7		297.7
Property operating expenses	(50.1)		(50.1)
Net rental income	247.6		247.6
Share of joint ventures' adjusted profit after tax ¹	39.0	11.9 ²	50.9
Joint venture fee income	44.9	(26.2)	18.7
Administration expenses	(44.1)		(44.1)
Adjusted operating profit	287.4		273.1
Net finance costs	(45.9)		(45.9)
Adjusted profit before tax	241.5		227.2
Tax on adjusted profit	1.8%		
Adjusted EPS	23.4p	(1.2)p	22.2p

- SELP performance fee: net impact of £12 million (1.2 pence per share)

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

² After tax

Adjusted income statement (JVs proportionally consolidated)

	2018			2017		
	Group £m	JVs £m	Total £m	Group £m	JVs £m	Total £m
Gross rental income	297.7	75.5	373.2	272.9	73.7	346.6
Property operating expenses	(50.1)	(5.0) ¹	(55.1)	(52.2)	(3.9) ¹	(56.1)
Net rental income	247.6	70.5	318.1	220.7	69.8	290.5
JV management fee income	44.9	(20.1) ¹	24.8	24.3	(11.3) ¹	13.0
Administration expenses	(44.1)	(1.3)	(45.4)	(39.7)	(0.9)	(40.6)
Adjusted operating profit	248.4	49.1	297.5	205.3	57.6	262.9
Net finance costs	(45.9)	(7.6)	(53.5)	(58.7)	(6.2)	(64.9)
Adjusted profit before tax	202.5	41.5	244.0	146.6	51.4	198.0
Tax and non-controlling interests	(5.0)	(2.5)	(7.5)	(1.4)	(3.8)	(5.2)
Adjusted profit after tax	197.5	39.0	236.5	145.2	47.6	192.8

¹ The management fees earned from joint ventures are recorded at 100% in SEGRO's income statement (2018: £44.9 million; 2017: £24.3 million). As a 50% owner of the joint ventures, SEGRO's share of JV income includes approximately half the cost of these fees in JV property operating expenses (2018: £20.1 million; 2017: £11.3 million).

Balance sheet (JVs proportionally consolidated)

	31 December 2018			31 December 2017		
	Group £m	JVs £m	Total £m	Group £m	JVs £m	Total £m
Investment properties	7,801.4	1,566.9	9,368.3	6,745.4	1,280.2	8,025.6
Trading properties	51.7	2.4	54.1	12.5	0.6	13.1
Total properties	7,853.1	1,569.3	9,422.4	6,757.9	1,280.8	8,038.7
Investment in joint ventures	999.9	(999.9)	–	792.0	(792.0)	–
Other net liabilities	(112.0)	(33.0)	(145.0)	(10.3)	(45.3)	(55.6)
Net debt	(2,177.0)	(536.4)	(2,713.4)	(1,954.2)	(443.5)	(2,397.7)
Net asset value¹	6,564.0		6,564.0	5,585.4	–	5,585.4
EPRA adjustments			56.3			22.3
EPRA NAV			6,620.3			5,607.7

¹ After minority interests

	Group £m	JVs £m	Total £m
2018 net rental income	247.6	70.5	318.1
<i>Full year impact of:</i>			
Disposals since 1 January 2018	(12.2)	(2.5)	(14.7)
Acquisitions since 1 January 2018	2.5	5.5	8.0
Developments completed and let during 2018	13.0	1.7	14.7
One-off items	(3.0)	0.0	(3.0)
Pro forma 2018 net rental income	247.9	75.2	323.1

- Pro forma 2018 net rental income assuming disposals, acquisitions and let developments completed as at 1 January 2018
 - One-off items (e.g. rates refunds) removed
 - Share of JV fee costs removed from JV net rental income (see slide 33)
- Net rental income would have been £5.0m higher on this basis

Total cost ratio, 2017-18 (proportionally consolidated)

Incl. joint ventures at share	2018	2017
	£m	£m
Gross rental income (less reimbursed costs)	368.9	344.3
Property operating expenses	50.1	52.2
Administration expenses	44.1	39.7
JV operating expenses	13.3	11.8
JV management fees	(23.0)	(19.1)
Total costs¹	84.5	84.6
<i>Of which share based payments</i>	<i>(11.1)</i>	<i>(10.0)</i>
<i>Total costs excluding share based payments²</i>	<i>73.4</i>	<i>74.6</i>
Total cost ratio	22.9%	24.6%
<i>Total cost ratio excluding share based payments</i>	<i>19.9%</i>	<i>21.7%</i>

¹ Total costs include vacant property costs of £6m for 2018 (2017: £8.5m)

² Includes JV property management fee income of £18.7m and management fees of £4.3m (2017: £16.8m and £2.3m respectively)

	31 December 2018		31 December 2017	
	£m	£p per share	£m	£p per share
EPRA ¹ Earnings	184.7	18.3	192.8	19.9
EPRA NAV	6,620.3	650	5,607.7	556
EPRA NNNAV	6,557.7	644	5,416.0	537
EPRA net initial yield		3.9%		4.3%
EPRA topped-up net initial yield		4.3%		4.8%
EPRA vacancy rate		5.2%		4.0%
EPRA ¹ cost ratio (including vacant property costs)		36.9%		24.6%
EPRA ¹ cost ratio (excluding vacant property costs)		35.3%		22.1%

¹ Includes £52 million of non-recurring pension costs, excluded from Total Cost Ratio, Adjusted earnings and Adjusted EPS

	2018			2017		
	Group £m	JVs £m	Total £m	Group £m	JVs £m	Total £m
Acquisitions	193.7	162.0	355.7	1,212.2	82.2	1,294.4
Development ¹	482.3	65.9	548.2	368.3	45.8	414.1
Completed properties ²	23.9	6.4	30.3	19.7	4.6	24.3
Other ³	16.6	6.2	22.8	16.7	4.7	21.4
TOTAL	716.5	240.5	957.0	1,616.9	137.3	1,754.2

- Approximately 56% of completed properties capex was for major refurbishment, infrastructure and fit-out costs prior to re-letting.

¹ Includes wholly-owned capitalised interest of £9.2 million (2017: £6.6 million) and share of JV capitalised interest of £0.8 million (2017: £0.8 million).

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

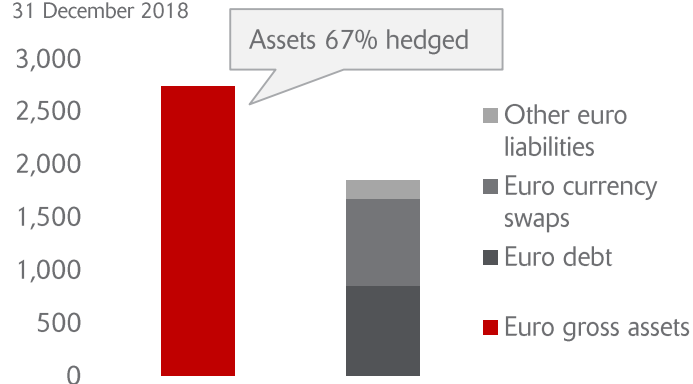
³ Tenant incentives, letting fees and rental guarantees

Look-through loan-to-value ratio

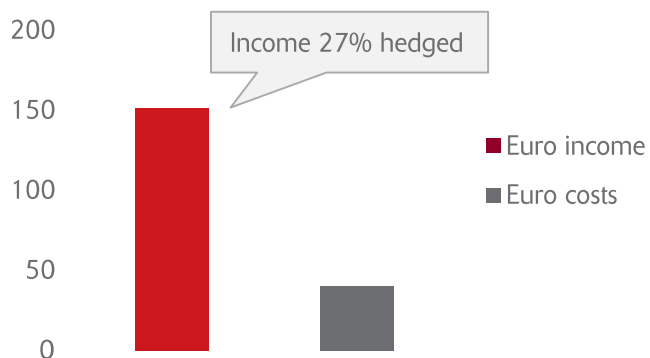
	31 December 2018 £m	Weighted average cost of gross debt, % ¹	31 December 2017 £m	Weighted average cost of gross debt, % ¹
Group gross borrowings	2,243	2.1	2,063	2.3
Group cash & equivalents	(66)		(109)	
Group net borrowings	2,177		1,954	
Share of joint venture net borrowings	536	1.4	444	1.4
SEGRO net borrowings including joint ventures at share	2,713	1.9	2,398	2.1
Total properties (including SEGRO share of joint ventures)	9,422		8,039	
'Look-through' loan to value ratio	29%		30%	

¹ Figures exclude commitment fees and amortised costs

Balance sheet, £m
31 December 2018



Income Statement, £m
12 months to 31 December 2018



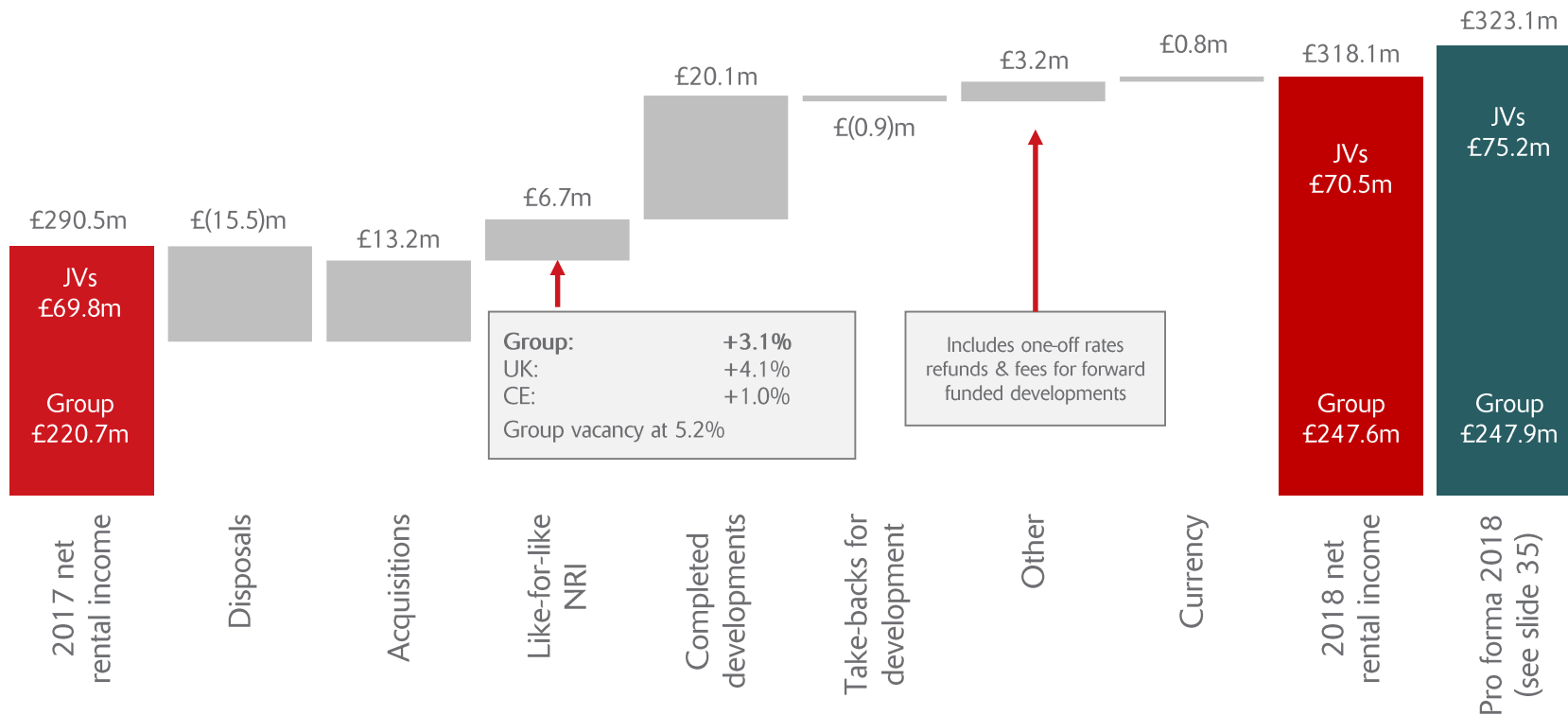
- €1.11:£1 as at 31 December 2018
- € assets 67% hedged by € liabilities
- €1,021m (£920m) of residual exposure – 14% of Group NAV
- Illustrative NAV sensitivity vs €1.11:
 - + 5% (€1.17) = - c.£43m (-c.4.2p per share)
 - - 5% (€1.05) = + c.£48m (+c.4.7p per share)

- Loan to Value (on look-through basis) at €1.11:£1 is 29%,
- Sensitivity vs €1.11:
 - +5% (€1.17) LTV -0.7%-points
 - -5% (€1.05) LTV +0.7%-points

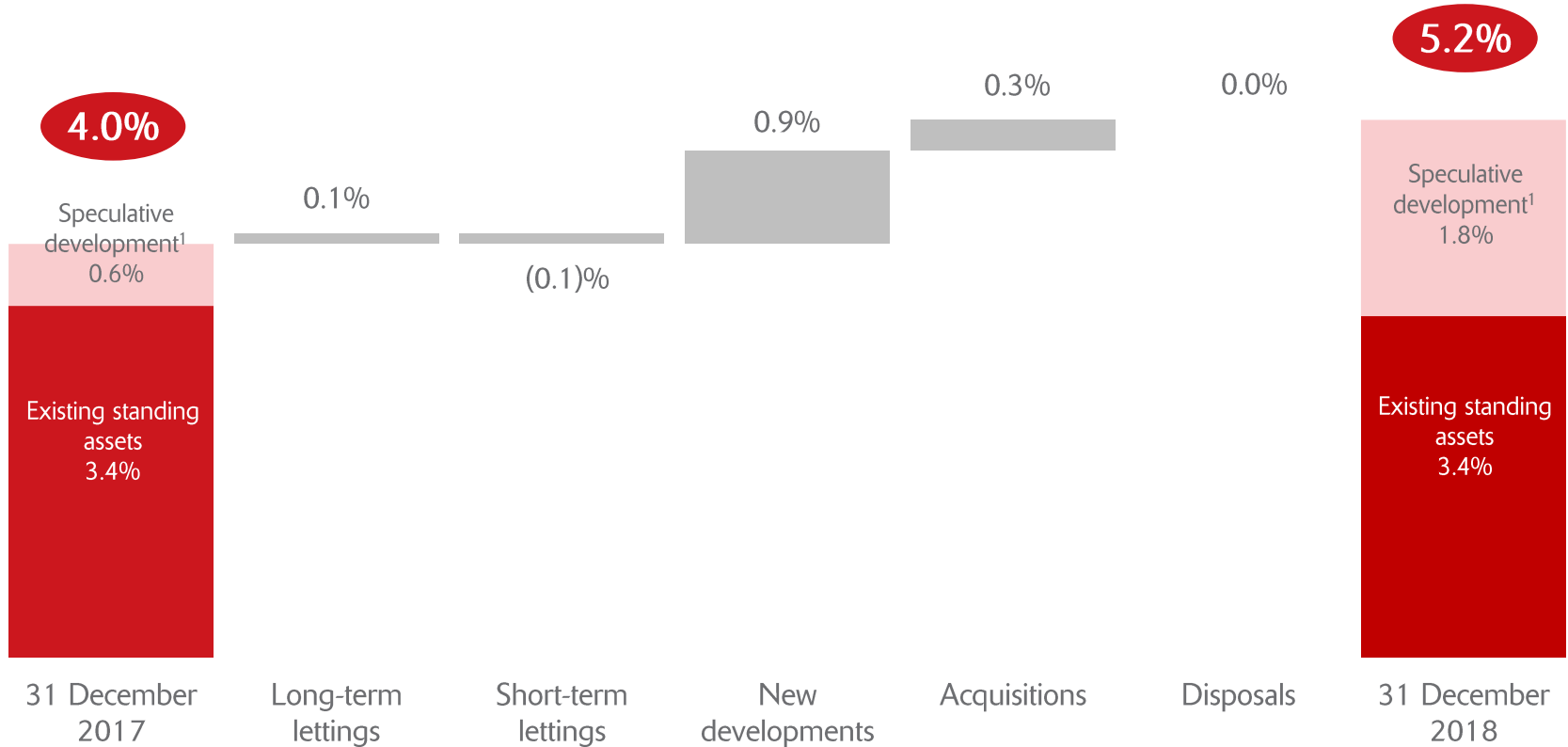
- Average rate for 12 months to 31 December 2018 €1.13:£1
- € income 27% hedged by € expenditure (including interest)
- Net € income for the period €111m (£98m) – 42% of Group
- Illustrative annualised net income sensitivity versus €1.13:
 - + 5% (€1.19) = -c£4.7m (c.0.4p per share)
 - - 5% (€1.07) = +c5.1m (c.0.4p per share)

3.1% growth in like-for-like net rental income

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



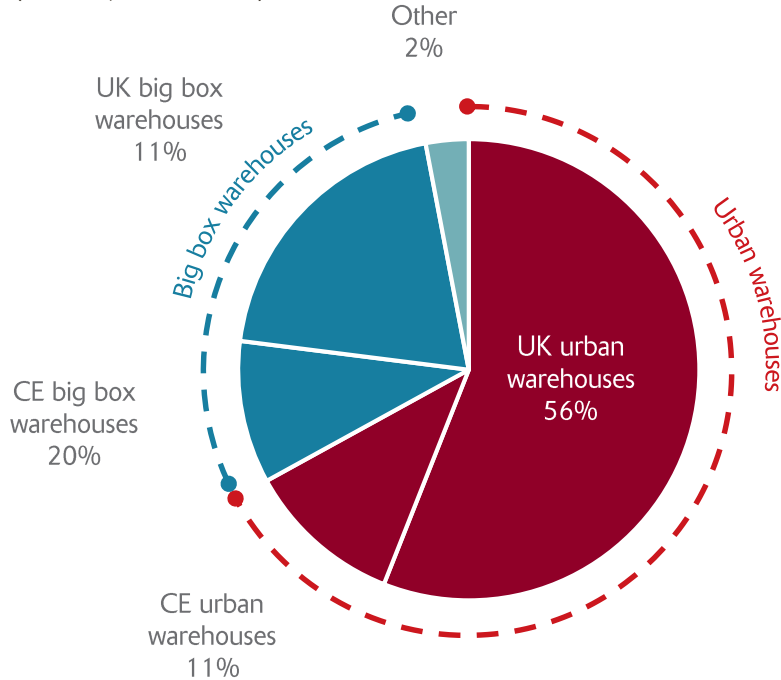
Vacancy rate reconciliation, 31 December 2017 to 31 December 2018



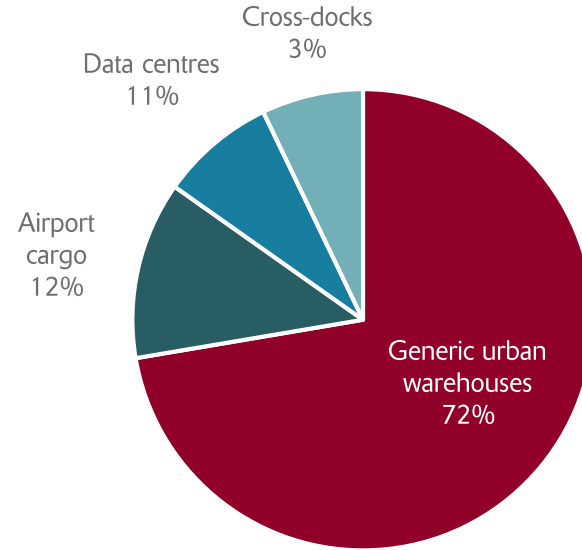
¹ Speculative developments completed in preceding 24 months.

Urban warehouses account for two-thirds of the portfolio

Portfolio by type:
(valuation, SEGRO share)



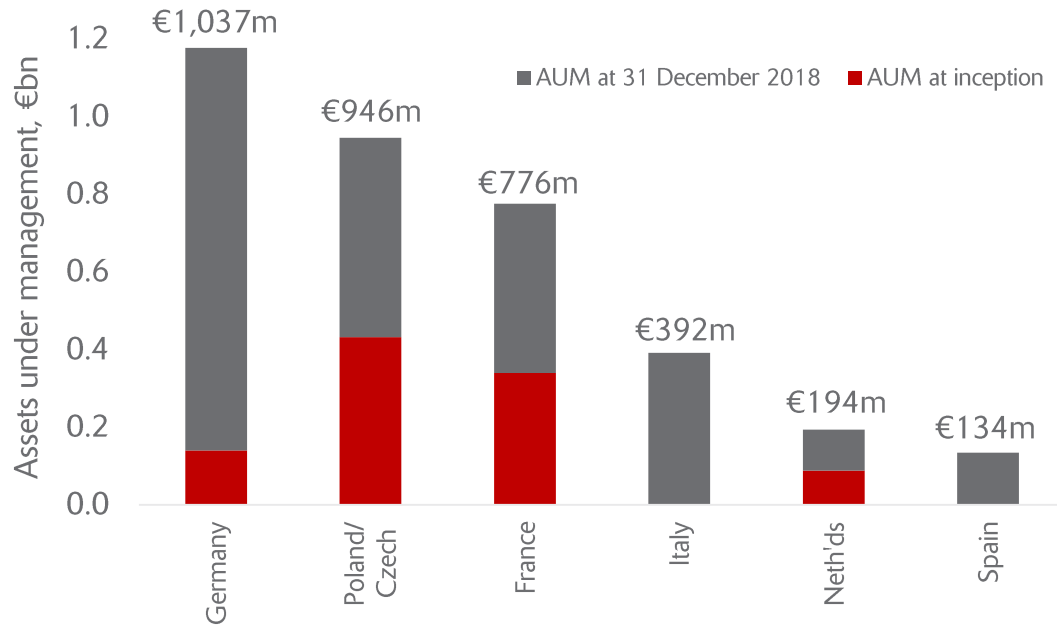
Urban warehouse portfolio split by sub-type
(valuation, SEGRO share)



Data as at 31 December 2018

5 years of SEGRO European Logistics Partnership (SELP)

Assets under management
(as at 31 December 2018)



Land and assets



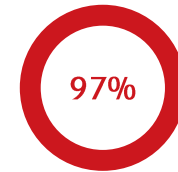
Equivalent yield



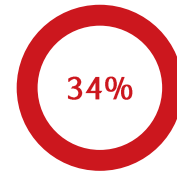
Headline rent



ERV



Occupancy rate



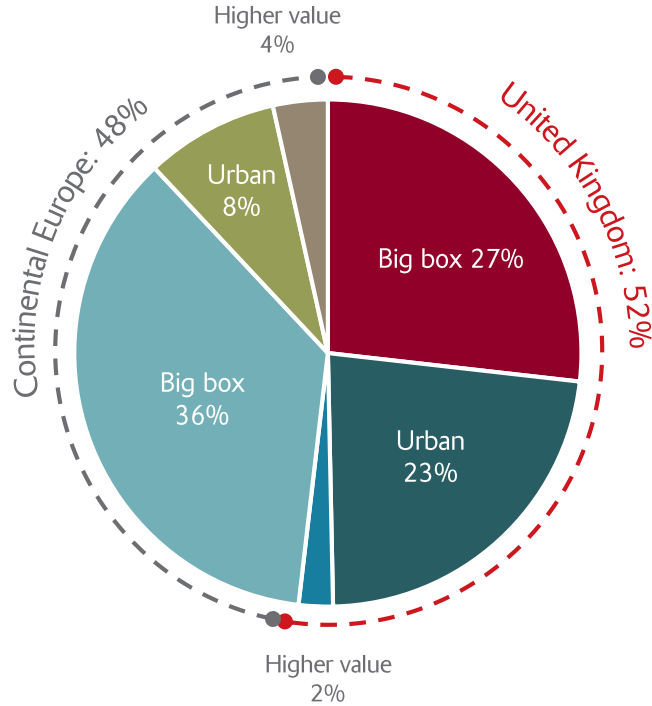
LTV ratio

£32.5m¹ received in property management and performance fees from SELP since 2015

¹ Net property management fees of £19.4m and net performance fee of £13.1m (SEGRO owns 50% of SELP so all fees net of SEGRO contribution)

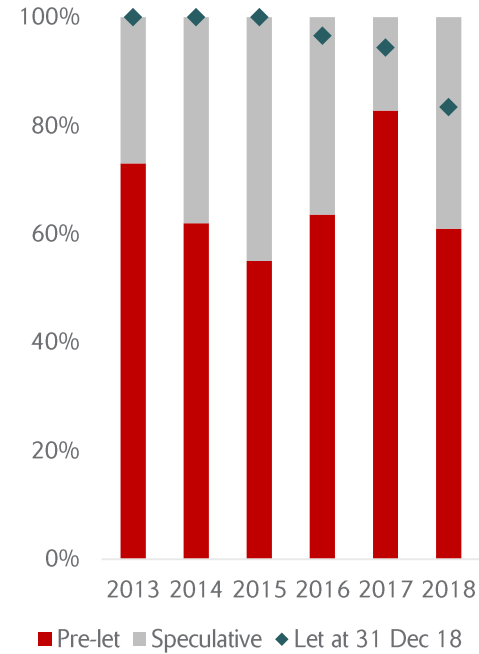
Current development projects, asset type by ERV

(31 December 2018)



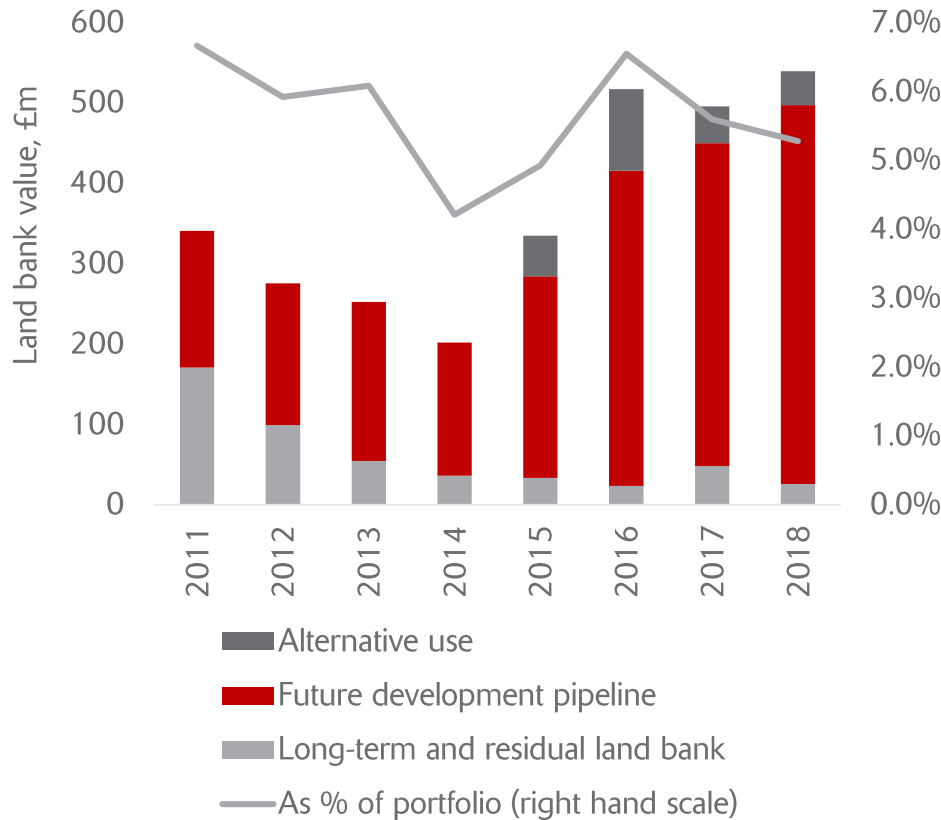
Pre-let focused development with rapid leasing of speculative space

(Letting status of development completions in 2012-18, %)



All figures include joint ventures at share.

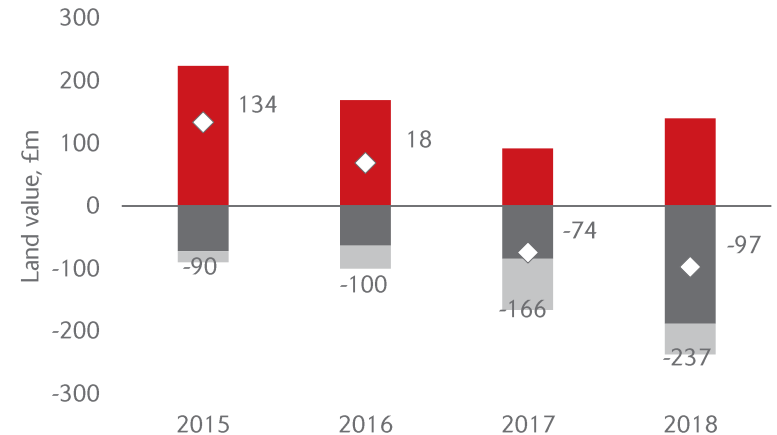
Land bank provides optionality and opportunity for growth



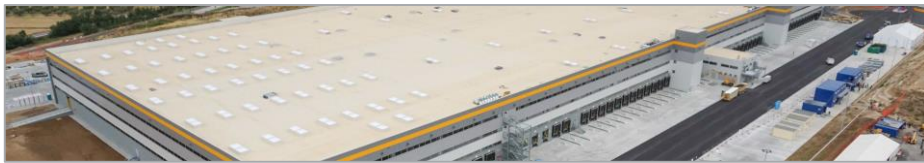
- £42m of land bank for alternative use relates to a turnkey/ forward-funded development
- Additional opportunity from land held under option

Net land utilisation, 2015-18

(Based on opening book value or acquisition value)



■ Land Acquired ■ Land utilised for development ■ Land disposed ◇ Net



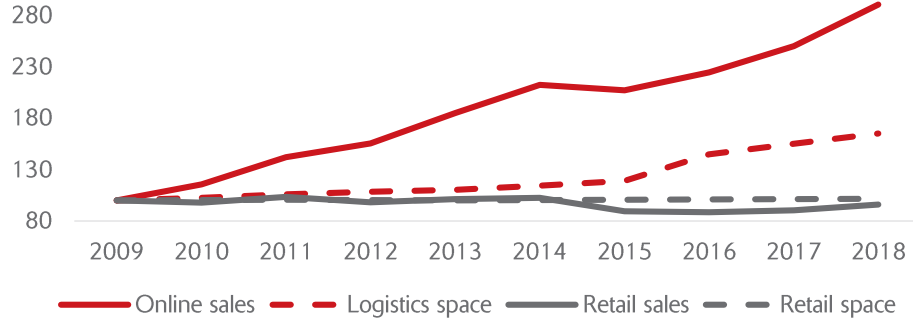
APPENDIX II

MARKET DATA

Current market conditions remain supportive

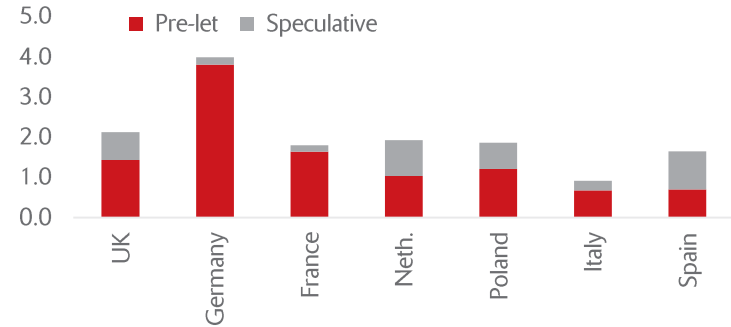
The impact of online sales on European retail and logistics (2009 = 100)

Source: CBRE, Euromonitor



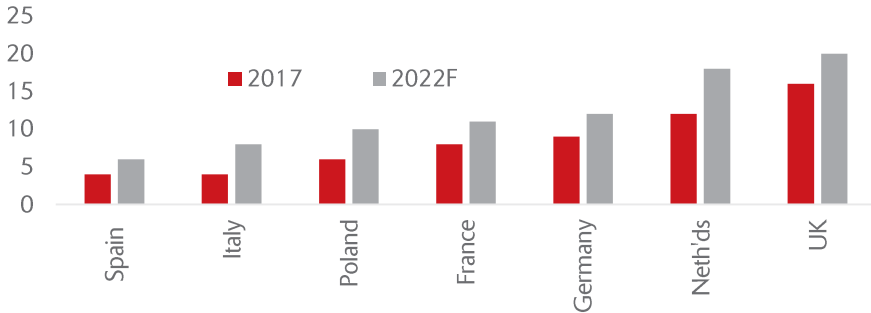
European warehouse development remains substantially pre-let

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



Ecommerce penetration (% of retail sales)

Source: CBRE, Euromonitor



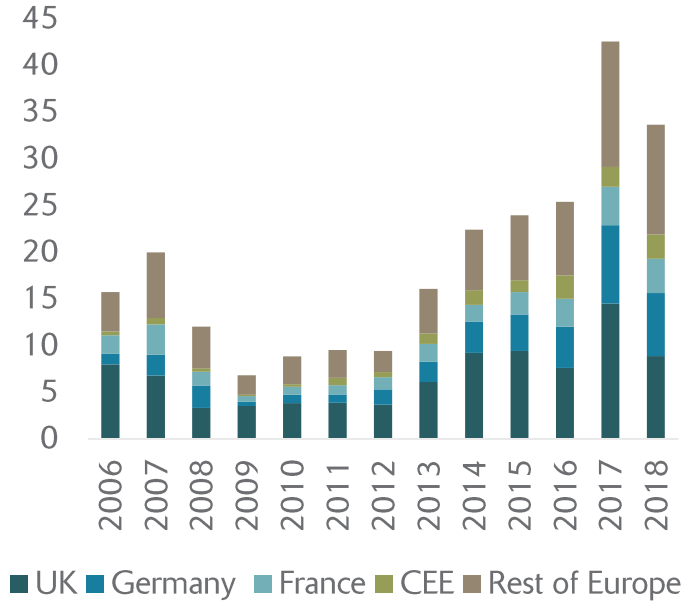
Low vacancy rates across Europe

(4.4% estimated pan-European vacancy, source: JLL)



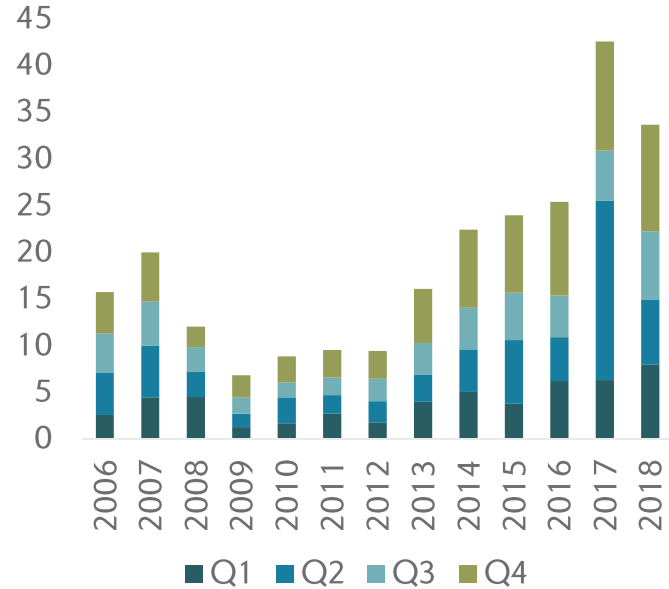
European industrial investment volumes

By geography, €bn



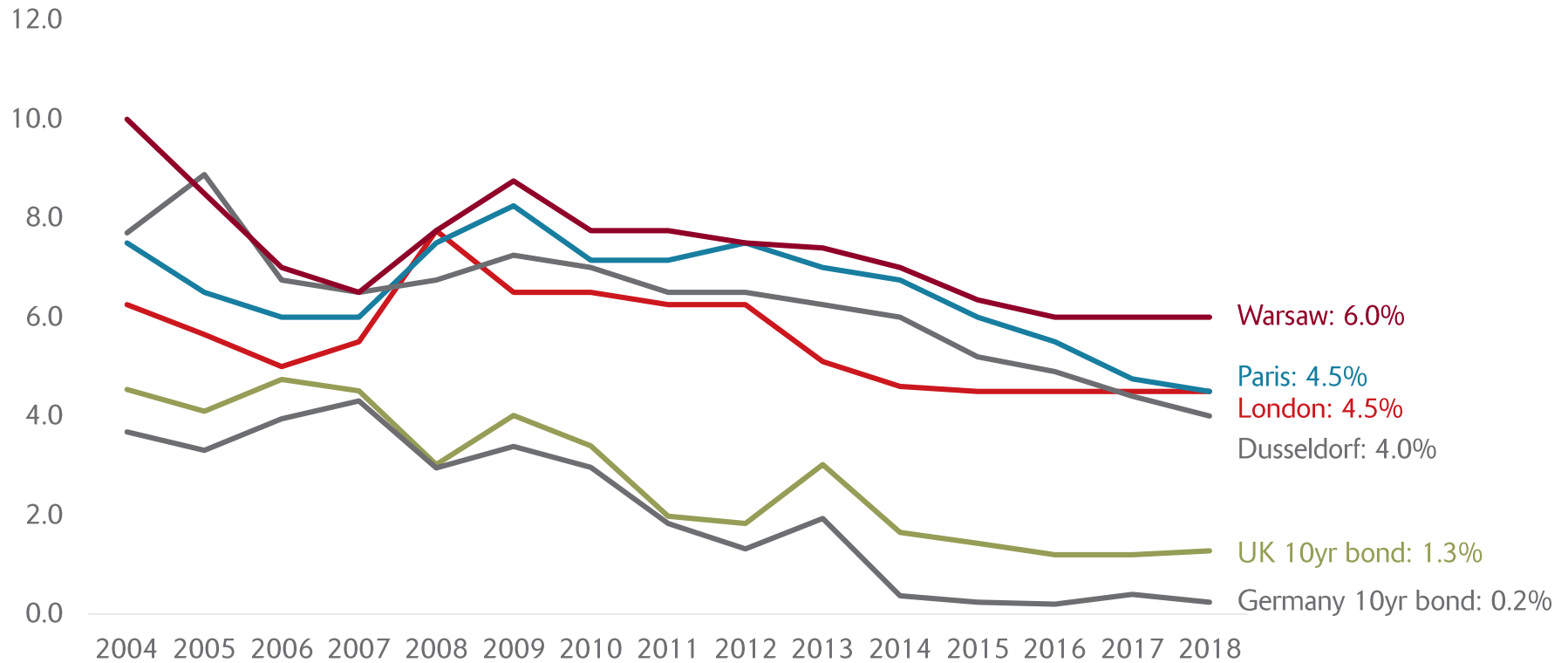
European industrial investment volumes

By quarter, €bn



Source: CBRE

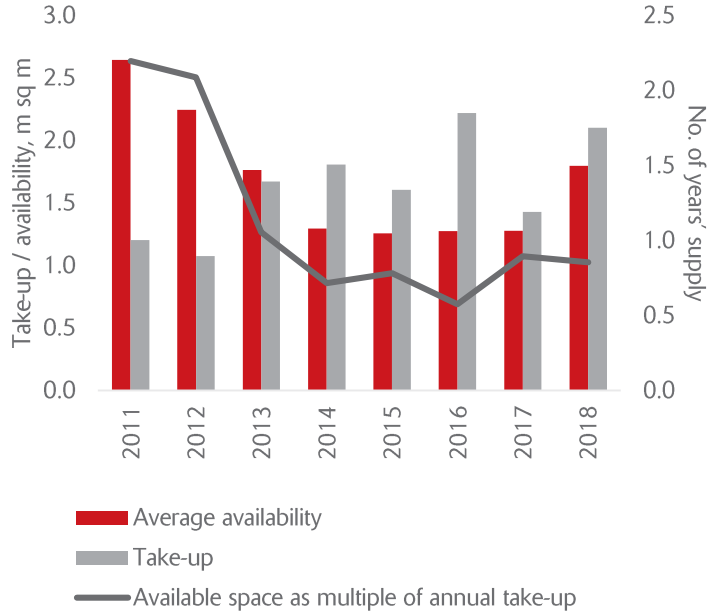
Prime logistics yields vs 10 year bond yields



Source: CBRE, Bloomberg (data correct at 31 December 2018)

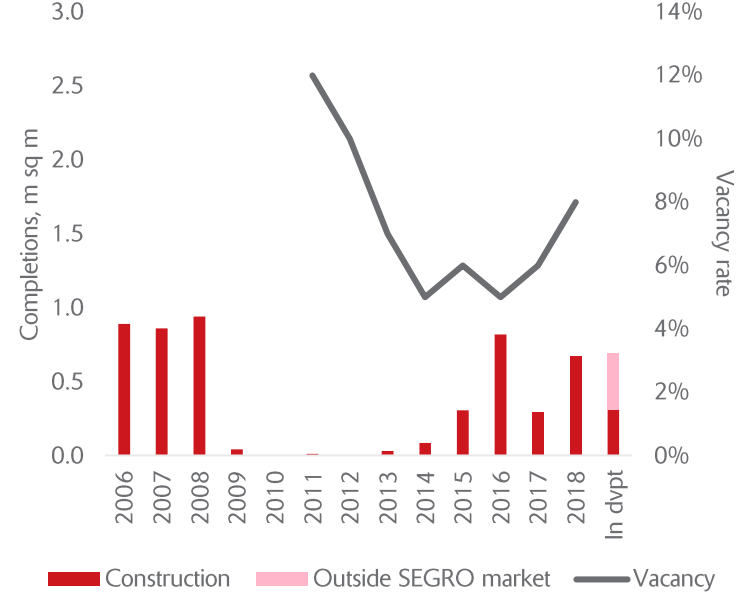
UK Big Box supply-demand dynamics¹

(m sq m)



Speculative UK Big Box completions²

(m sq m)

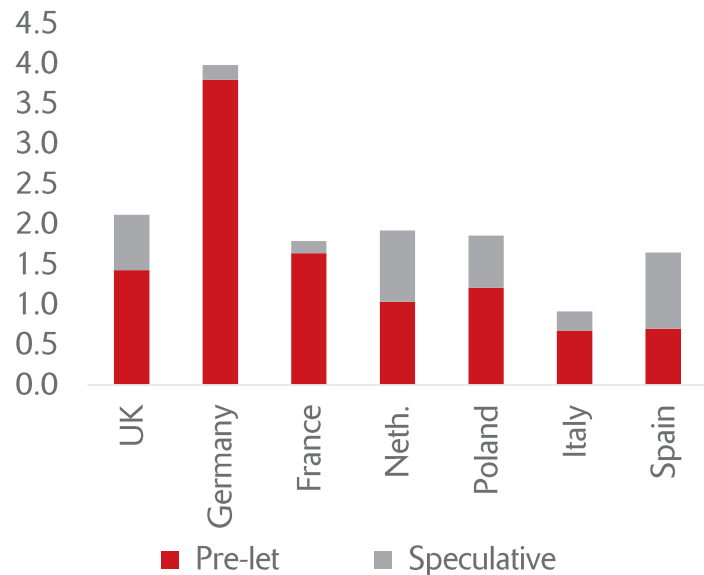


¹ Source: JLL (logistics warehouses >100,000 sq ft, Grade A)

² Source: JLL

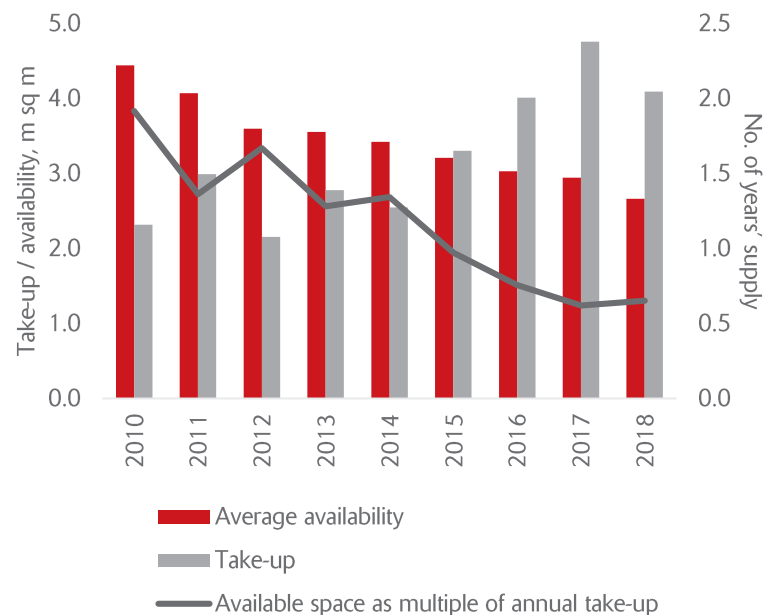
Logistics space under construction¹

(m sq m)



France logistics supply-demand dynamics²

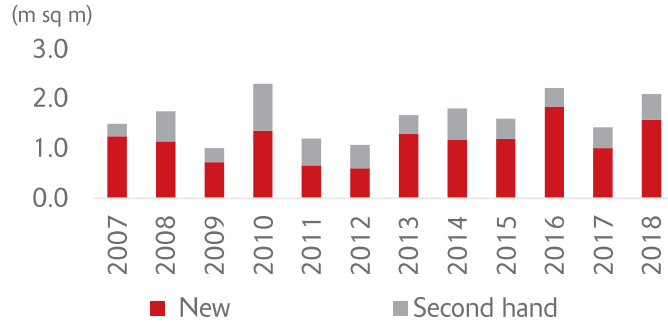
(m sq m)



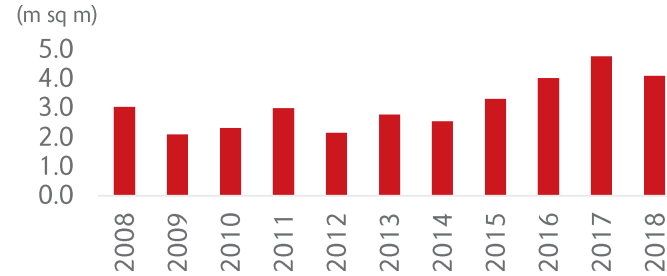
¹ Source: 4Q 2018, JLL

² Source: CBRE

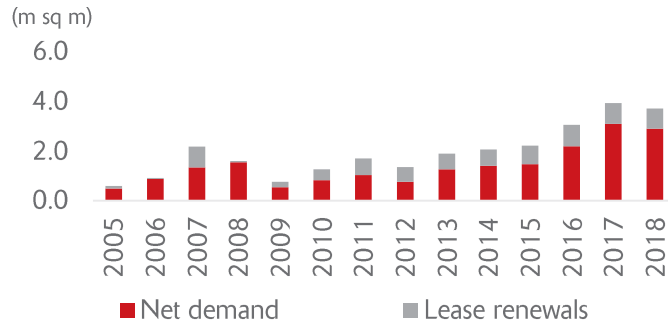
Take-up of warehouse space >100,000 sq ft – UK¹



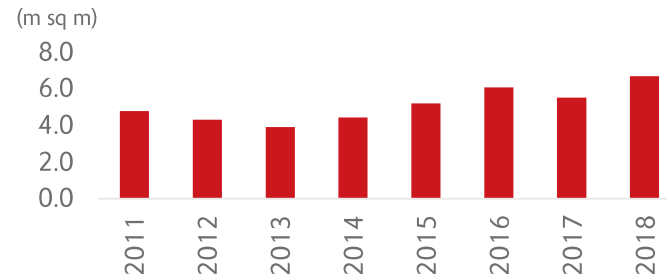
Take-up of warehouse space >5,000 sq m – France²



Take-up of warehouse space – Poland¹



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

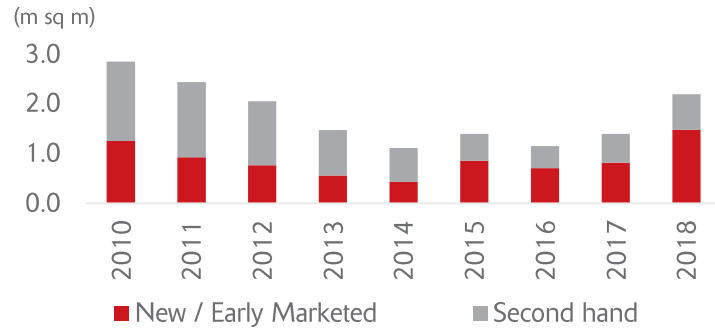


¹ Source: JLL

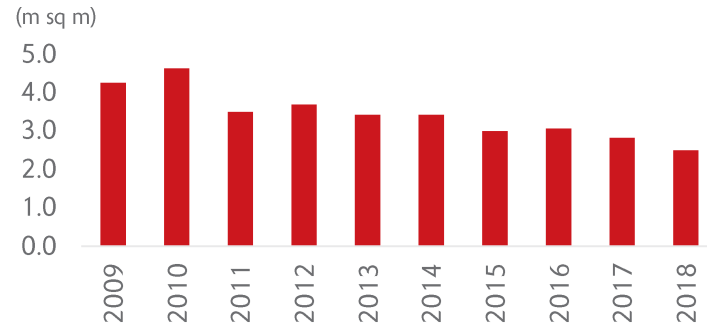
² Source: CBRE

³ Source: BNP Paribas Real Estate

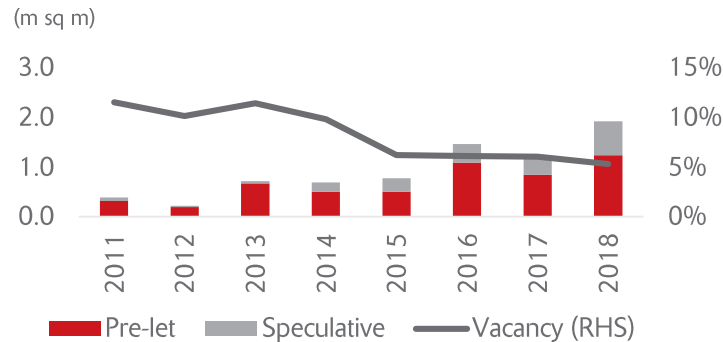
Availability of Grade A warehouse space >100,000 sq ft– UK¹



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



Warehouse space under construction and vacancy rate – Poland¹

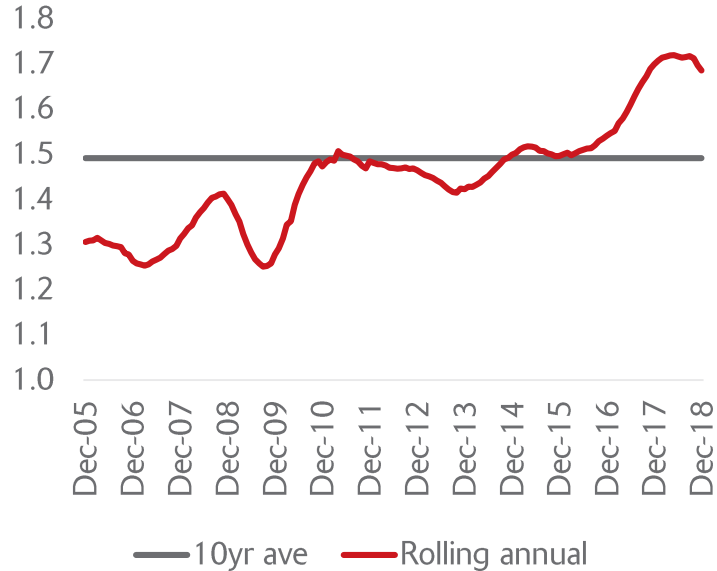


¹ Source: JLL

² Source: CBRE

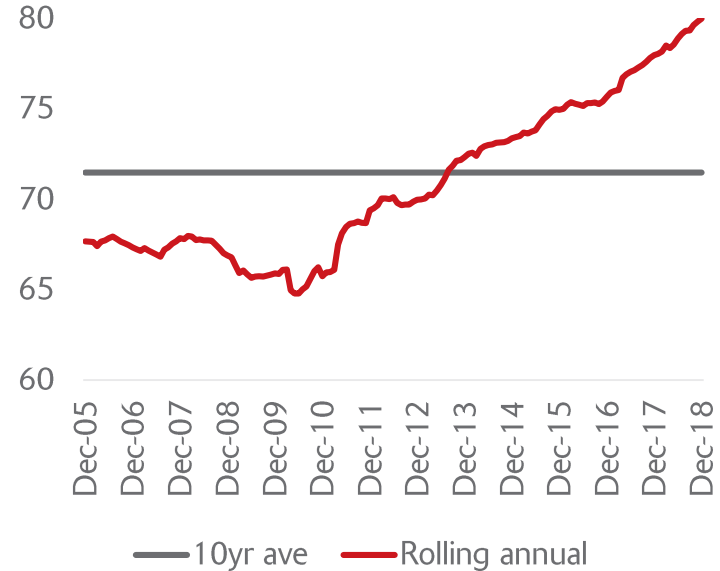
Heathrow Airport cargo volumes

(million metric tonnes)



Heathrow Airport passenger volumes

(millions)



Source: Heathrow Airport

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