



£573_M RIGHTS ISSUE

ACQUISITION OF AVIVA'S 50% INTEREST IN
AIRPORT PROPERTY PARTNERSHIP (APP)

PURSUE ADDITIONAL DEVELOPMENT
OPPORTUNITIES

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Acquisition of Aviva's 50% interest in APP for £365m
(£216m cash consideration¹)



Investment in new development opportunities
(£340m new equity allocated)



Building scale in an attractive core market

- Gaining full ownership and control of unique portfolio in an attractive, supply-constrained market
- Price in line with December 2016 book value
- Opportunities to add further value

Taking advantage of strong occupier demand

- Opportunity for value and earnings accretion
- Strong momentum in current and near-term development pipeline
- 3.4m sq m of potential development within land bank and land under option

1 for 5 fully underwritten rights issue to raise £573 million
to support acquisition and growth initiatives

¹ Balance of consideration funded by disposals

Positive market conditions

- **Strong occupier demand** for prime big box and urban warehouse assets in UK and Continental Europe
- **Structural tailwinds** from rise of e-commerce and convenience retailing and on-going urbanisation trends
- **Limited supply** driving rental growth, particularly in urban warehousing due to loss of industrial land to alternative uses and planning restrictions on green belt land

Growth opportunities for SEGRO

- **Taking full control of APP** provides additional scale and growth potential in the supply-constrained Heathrow market
 - **Accretive and active development pipeline**
 - September 2016 placing proceeds invested or allocated
 - £165m of new projects identified since September 2016
 - c8% yield on total development cost
 - **Capital discipline and strong balance sheet**
 - Pro-forma LTV of 28.5%, consistent with c35% once proceeds fully deployed
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APP ACQUISITION

Gaining full control of attractive portfolio focused on Heathrow

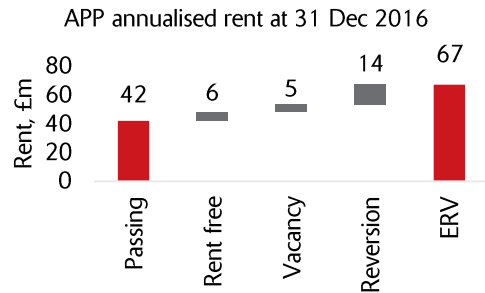
APP portfolio statistics (31 December 2016)

Gross Asset Value	£1,097m
- Standing assets	£1,068m
- Development	£9m
- Land	£20m
Annualised rent	
- Passing	£42m
- ERV	£67m
Size	350,000 sq m
Yield profile	
- Net initial	3.6%
- Topped-up NIY	4.2%
- Equivalent	5.5%
Vacancy (by ERV)	7.5%
WAULT	
- To break	11.1 years
- To expiry	11.7 years



Asset management opportunities

- Near-term cash generation from rent-free expiry and void reduction
- Medium-term opportunity from capturing reversionary rents, particularly £11m from expiring leases on peppercorn rents in 2019



Future development potential

- Development underway at North Feltham Trading Estate – 7,300 sq m of urban warehouses, £1.2m potential rent (c£7m cost to complete)
- Further opportunities from land owned or under option
- Significant longer-term potential from re-development of Heathrow Cargo Centre



Heathrow Airport expansion

- Support from UK government for a third runway significantly increases likelihood of airport expansion in longer-term
- 87% of properties by value are in vicinity of Heathrow, including on-airport cargo facilities
- Expansion should drive demand for cargo facilities, as well as space required by airlines, industrial users and other airport service companies



In line with SEGRO's strategy of building scale in its core markets, improving operational efficiency and delivering attractive returns



Disposal portfolio statistics (31 December 2016)

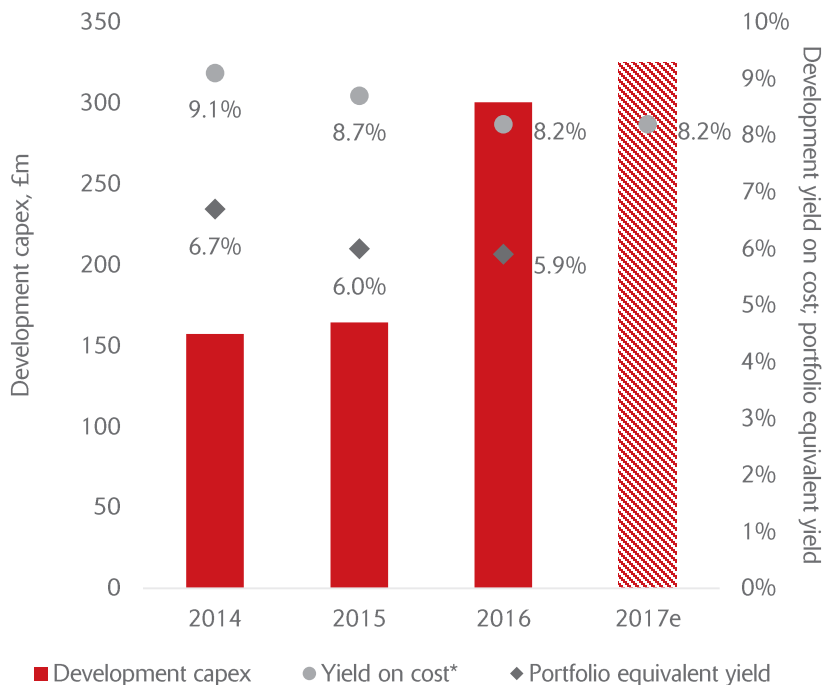
Gross Asset Value	£149.9m
Passing rent	£6m
Size	70,000 sq m
Yield profile	
- Net initial	3.7%
- Topped-up NIY	4.8%
Vacancy (by ERV)	2.5%
WAULT	
- To break	7.8 years
- To expiry	8.7 years



DEVELOPMENT PIPELINE

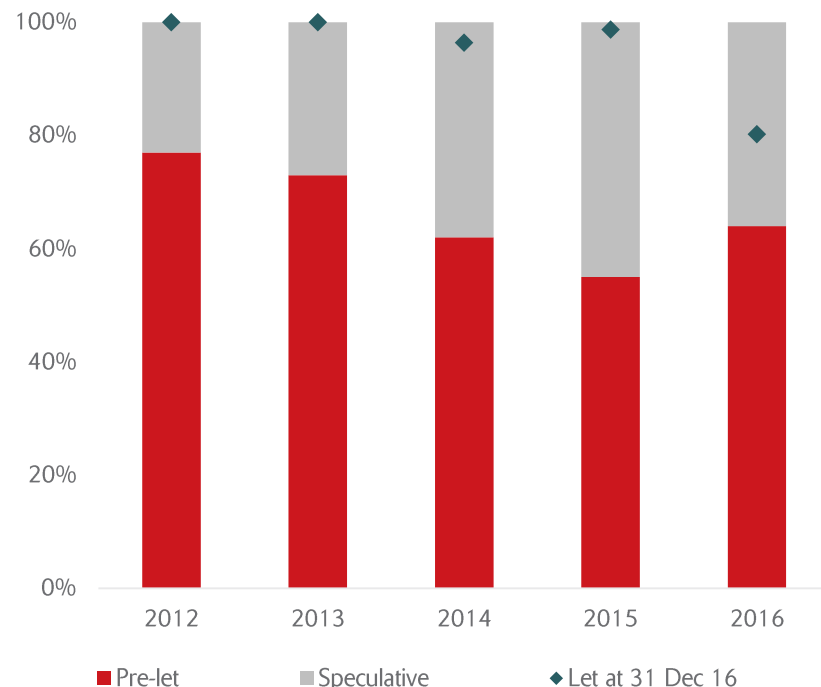
Significant yield premium from developments

(Development capex and yields, 2014-17e)



Majority pre-let with limited speculative risk

(Letting status of development completions in 2012-16, %)



2017e: Represents the Directors' expectations (as at 31 December 2016) of development capital expenditure during 2017 and their estimate of the yield on cost of development projects utilising the land bank as a whole

* The expected gross yield based on the estimated headline rent of developments when fully let, divided by the total development cost including land

1 Current development pipeline

- 540,480 sq m of space under construction
- Current book value £162m; **£171m cost to complete**
- £27m potential gross rent; £16m (61%) secured through pre-lets
- Projected 7.7% yield on total cost

2 Near-term development projects

- 522,000 sq m of space
- **£245m potential capex**
- £27m potential gross rent
- 69% rent related to potential pre-lets
- Projected 7.8% yield on total cost



3 Future development pipeline¹

- 2.2m sq m of space
- **c£900m potential capex**
- £101m potential gross rent
- Projected c8% yield on total cost

4 Land under option

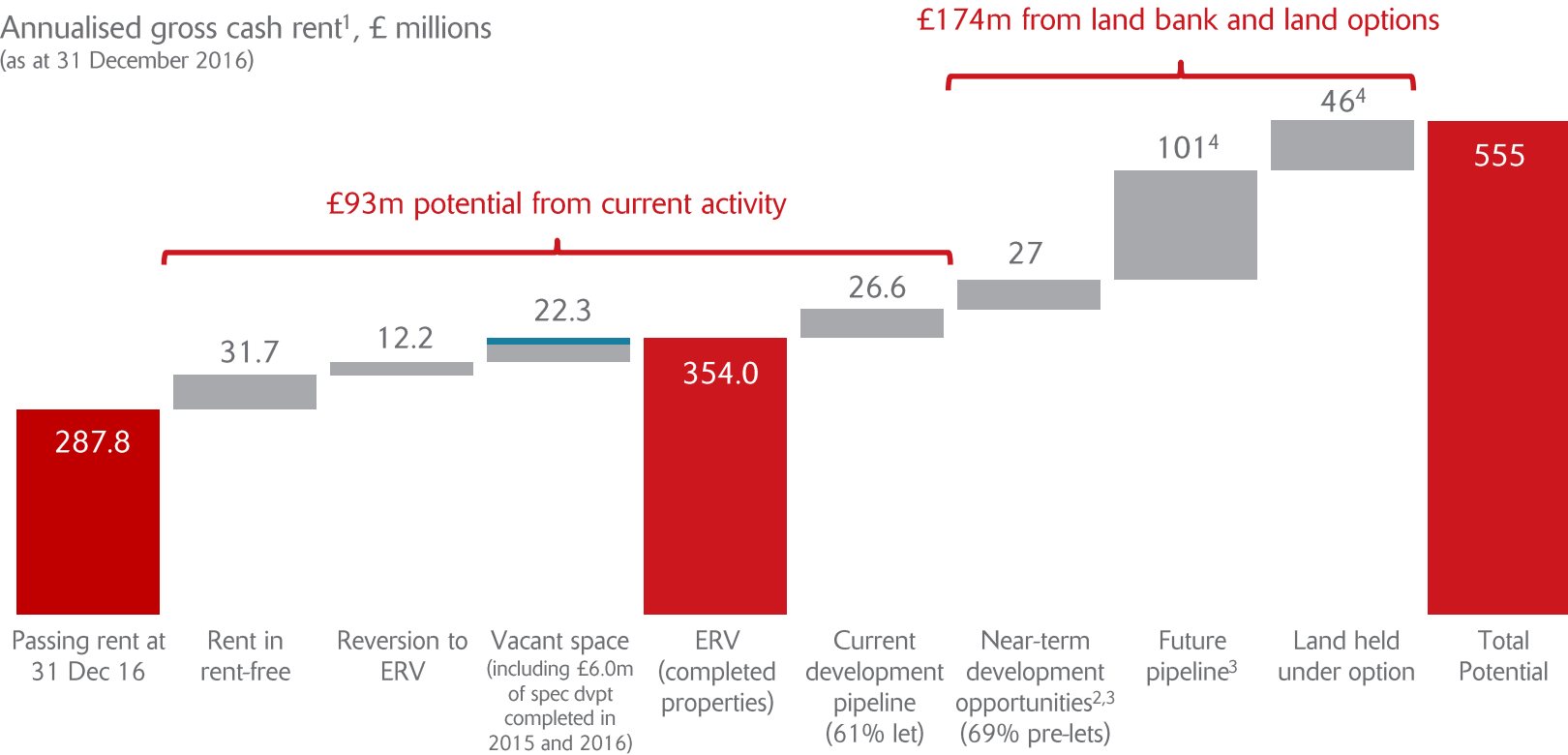
- 700,000 sq m of space
- **£500m estimated capex (excl land)**
- £46m potential gross rent



¹ Excludes near-term projects and potential developments on land held under option.

Substantial opportunity to grow rental income

Annualised gross cash rent¹, £ millions
(as at 31 December 2016)



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 £128m 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"



TRANSACTION SUMMARY

Rights issue terms¹

Proposed gross proceeds	£573m
Rights issue terms	1 for 5
Closing price at 9 March 2016 (cum div)	496.6p
Issue price (ex div)	345p
Theoretical ex-rights price (TERP)	462p
Theoretical nil-paid price (TNPP)	117p
Issue discount to TERP	25.3%
New shares issued	166.0m

Transaction structure

Net proceeds	£556m
Acquisition of APP	£365m ²
Funded by	
- Disposals	£149m
- Cash consideration for APP stake	£216m
Identified development projects	£165m
Future development	£175m

Total uses
£556m

Rights issue timetable

Announcement date	10 March 2017
Admission of Rights Issue shares and dealings in Nil Paid Rights on London Stock Exchange	13 March 2017
End of Nil Paid Trading (11am UK time)	27 March 2017
Results of Rights Issue announced	28 March 2017

¹ New shares will not be entitled to the 2016 final dividend.

² 50% share of NAV of APP at 31 December 2016, comprising £1,097m portfolio, £340m of net borrowings and £27m of other liabilities and post year-end adjustments.

Summary pro forma balance sheet¹

All figures in £m	31 Dec 2016	Acquisition	Consideration ²	31 Dec 2016 pro forma (Acquisition)	Net proceeds of Rights Issue ³	Pro forma for Acquisition and Rights Issue
Investment properties	4,714.4	1,096.8	(149.9)	5,661.3		5,661.3
Investment in joint ventures	1,066.2	(363.6)		702.6		702.6
Cash	32.0	23.2	0.5	55.7	340.3	396.0
Other assets	296.1	9.5		305.6		305.6
Total assets	6,108.7	765.9	(149.4)	6,725.2	340.3	7,065.5
Borrowings	(1,630.4)	(363.2)	(215.5)	(2,209.1)	215.5	(1,993.6)
Other liabilities	(297.4)	(39.1)	0.3	(336.2)		(336.2)
Net assets	4,180.9	363.6	(364.6)	4,179.9	555.8	4,735.7
<i>Look-through LTV ratio</i>	<i>33.0%</i>			<i>36.7%</i>		<i>28.5%</i>

¹ Excluding identified and future development expenditure

² Part of the consideration for APP will be in the form of the sale of five properties by the Group based on their book value at 31 December 2016 of £149.9m, less £0.8m rent apportionment adjustments and tenant deposits. The total consideration for the 50% interest in APP is £364.6m. The net cash consideration is £215.5m

³ The net proceeds of £555.8 million are calculated on a 1 for 5 rights issue of new ordinary shares at 345 pence per ordinary share net of estimated expenses in connection with the rights issue of approximately £17m.

Supportive market conditions

- **Strong occupier demand** for prime big box and urban warehouse assets in UK and Continental Europe
- **Structural tailwinds** from rise of e-commerce and convenience retailing and on-going urbanisation trends
- **Limited supply** driving rental growth, particularly in urban warehousing due to loss of industrial land to alternative uses and planning restrictions on green belt land

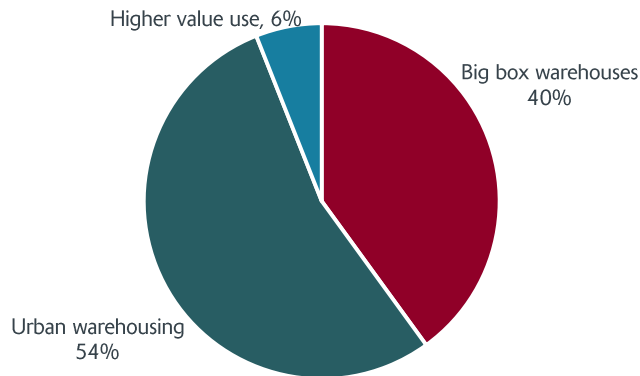
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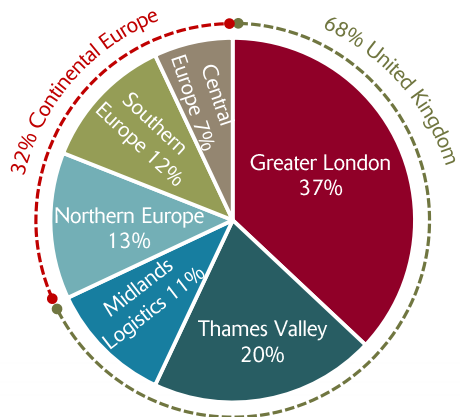
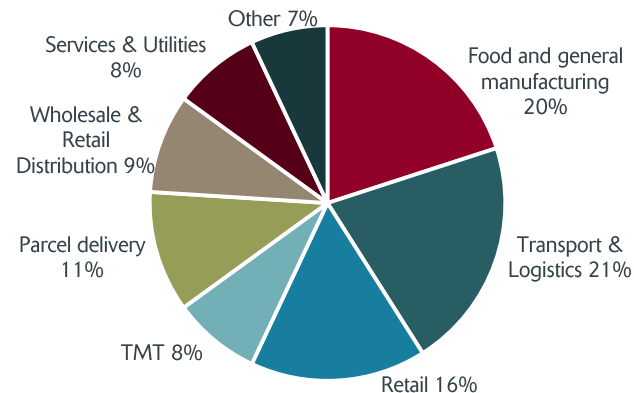


APPENDIX

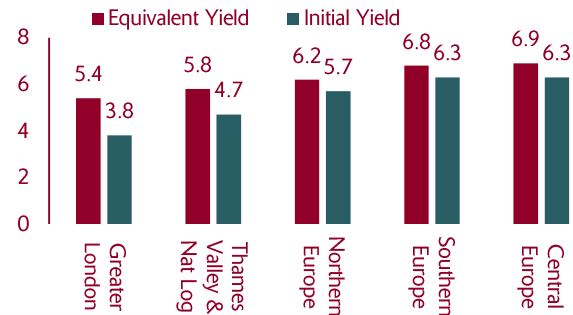
Portfolio by type and location (valuation, SEGRO share)



Customer sectors (headline rent, SEGRO share)



Portfolio yield profile (yields, %)



+7.1%

Adj EPS
(19.7p)

+4.0%

lfl net rental
income

+5.1%

DPS
(16.4p)

+8.0%

EPRA NAV
(500p)

33%

LTV ratio



- Strong results and financial position
- Reflecting
 - Disciplined capital allocation and operational excellence
 - Favourable demand/supply fundamentals
- High quality pipeline of growth opportunities
 - Near term underpinned by pre-leasing
 - Considerable optionality over remaining opportunities

Optimistic outlook for 2017 and beyond

Leasing and Asset Management

- Low vacancy rate of 5.7%
- 4.0% like for like rental growth
- £45m contracted headline rent, including £23m of pre-lets signed
- 5.4% uplift from rent reviews and renewals

Disposals

- £565m of asset disposals
- Two conditional residential land sales agreed
- Smaller land sites sold into SELP

Completed development

- £302m of development capex in 2016
- 421,600 sq m new space completed
 - 37 projects
 - £29m of potential rent, 80% secured
 - 8.2% yield on cost

Acquisitions

- £90m of asset acquisitions
 - Added to scale in Italy, Spain and UK big box
- £155m of land acquisitions
 - Including from Roxhill and East Plus agreements

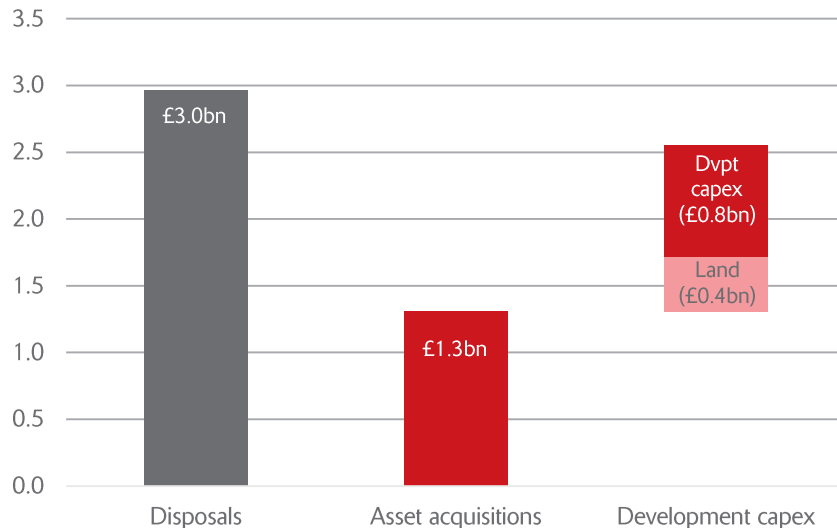


Key elements of SEGRO strategy

To be the pre-eminent owner-manager and developer of industrial and warehouse properties in Europe and a leading income-focused REIT



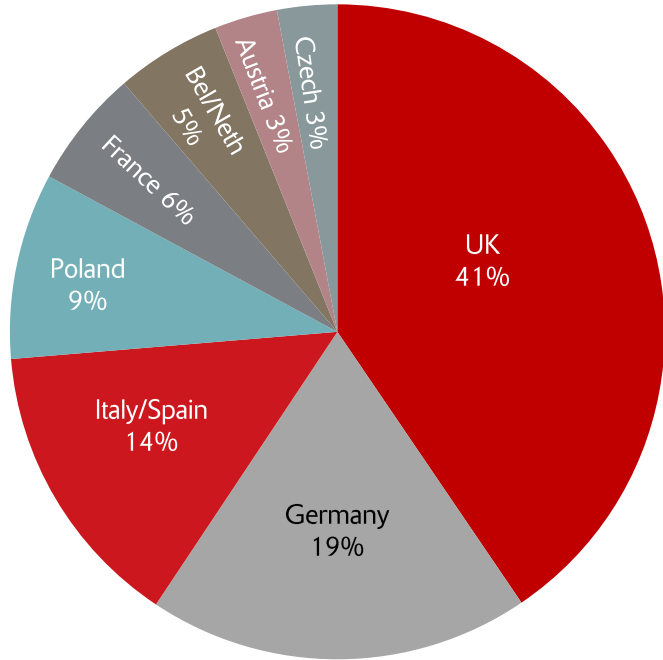
Disposal and investment activity since 1 January 2012, £bn



Development potential from land bank

Geographic split of land bank, by potential ERV¹

(31 December 2016)



All figures include joint ventures at share.

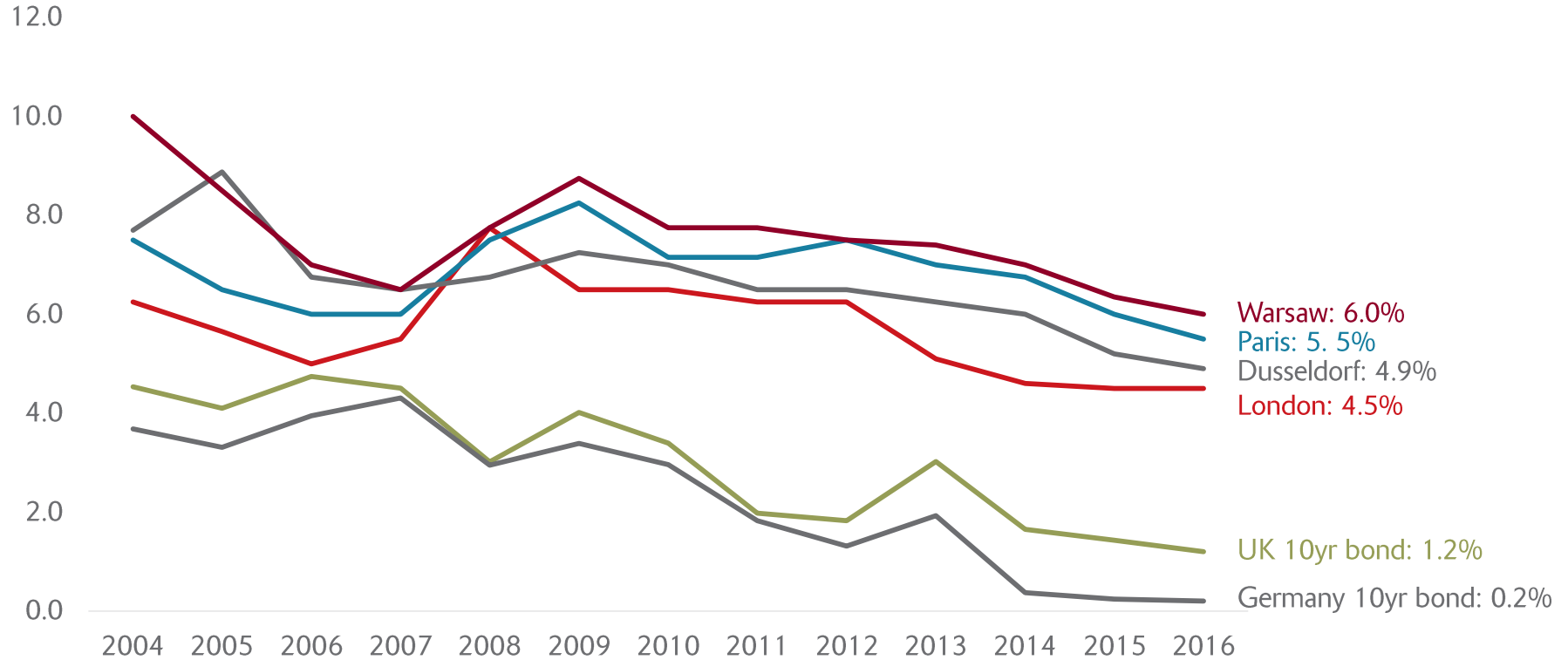
1 Future development pipeline including near-term projects but excluding land under option.

Development land bank

(31 December 2016)



Prime logistics yields vs 10 year bond yields



Source: CBRE, Bloomberg (data correct at 31 December 2016)

	Pre Issue	1 for 5 rights issue	Post issue
Number of shares	830.2m	166.0m	996.2m
Share price (ex-div, 9 March 2017) ¹ (A)	485.4p		
Issue price (B)		345p	
Theoretical ex-rights price (TERP) (C)			462.0p
Equity value	£4,030m	£573m	£4,603m
Theoretical nil-paid price (C-B)		117p	
Discount to TERP (1-(B/C))		25.3%	
Indicative bonus adjustment factor ² (A/C)		1.05	
2016 Adjusted EPS, pence	19.7		18.8
2016 Dividend per share, pence	16.4		15.6
2016 EPRA NAV, pence (ex-div)	489		465

¹ Based on the share price as at 9 March 2017 and a final dividend of 11.2 pence

² The indicative bonus adjustment is calculated from the ex-div share price at the close on 9 March 2017, divided by the TERP.