SEGRO
WHERE BUSINESS WORKS

2013 Half Year Results

31 July 2013

Geopost, Enfield

An active and successful period

- Strong operational performance
  - *Lettings up 30%*
  - *Good momentum in development pipeline*
  - *Further cost savings achieved*

- Portfolio valuation up 0.3%
  - *Core portfolio valuation up 0.8%; outperforming IPD Industrial Index*
  - *Suburban offices flat*
  - *Non-core assets down 2.4%*

- Significant strategic progress
  - *£437m of disposals; 5.6% above book value*
  - *€1bn Continental European logistics JV created*
  - *Active reinvestment into developments, acquisitions and land*

Well positioned for future growth

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Financial Results

Justin Read
Group Finance Director

Booker, Hatfield

Financial highlights

- EPRA PBT down £5.9m despite £26.6m NRI impact of disposals/ Neckermann
- Further reduction in central costs and in cost ratio adjusted for Neckermann
- Dividend maintained
- Stable asset values
- Balance sheet strength – significantly greater financial flexibility to reinvest

EPRA PBT 7.9% lower due to disposals activity and Neckermann

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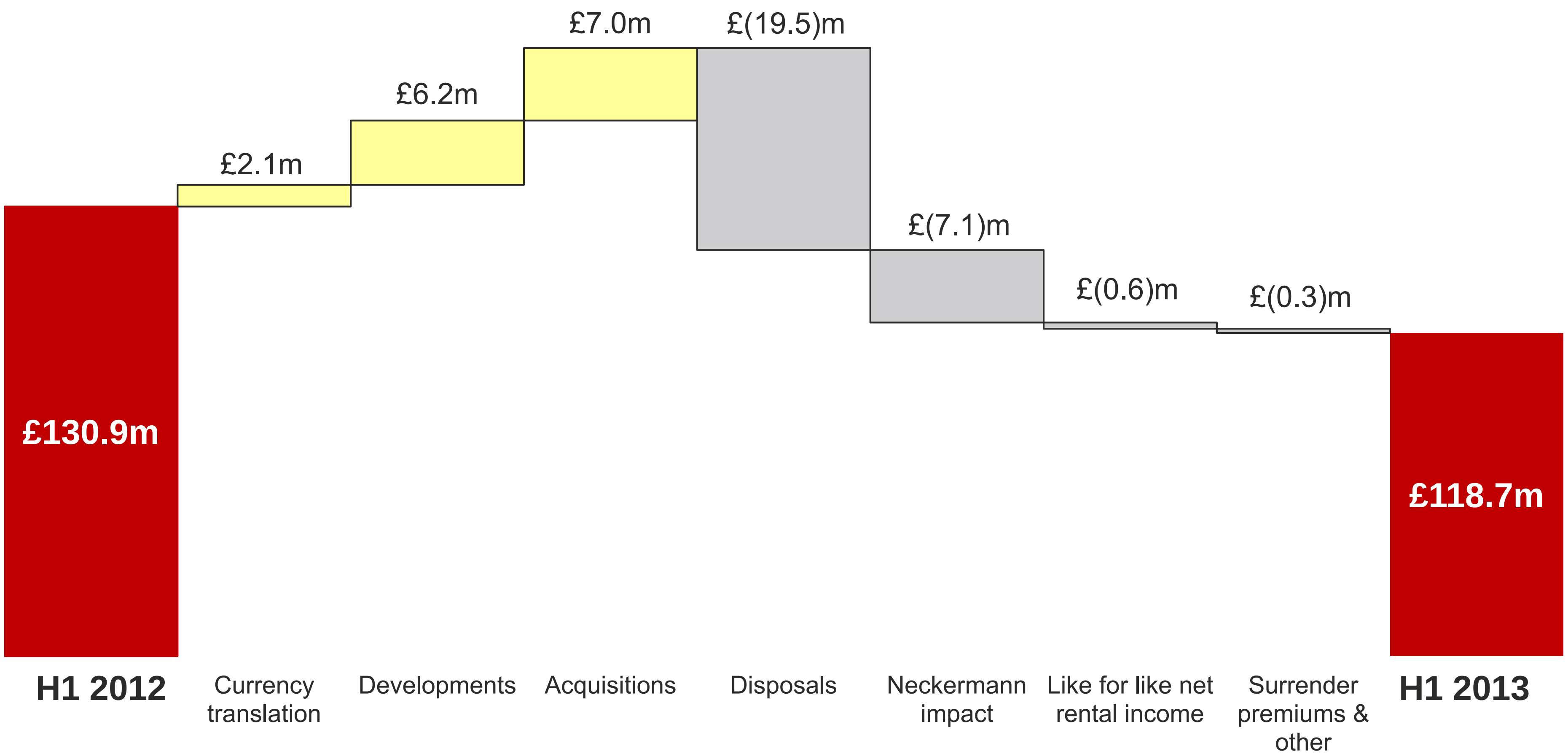
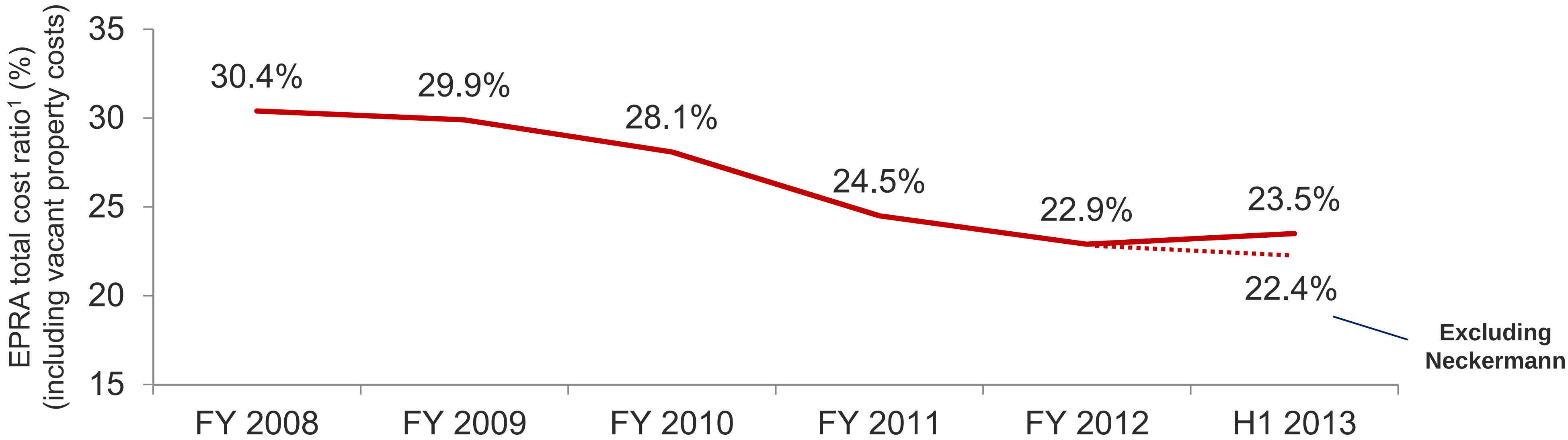
	H1 2013 £m	H1 2012 £m
Gross rental income	144.6	156.9
Property operating expenses	(25.9)	(26.0)
Net rental income	**118.7**	**130.9**
Joint venture management fee income	2.0	2.9
Share of joint ventures' EPRA profit[1]	11.4	10.1
Administration expenses	(12.1)	(13.1)
EPRA operating profit	**120.0**	**130.8**
EPRA net finance costs	(51.0)	(55.9)
EPRA profit before tax	**69.0**	**74.9**
Tax on EPRA profit	*(0.9)*	*(1.3)*

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

Net rental income lower due to net effect of capital recycling and Neckermann



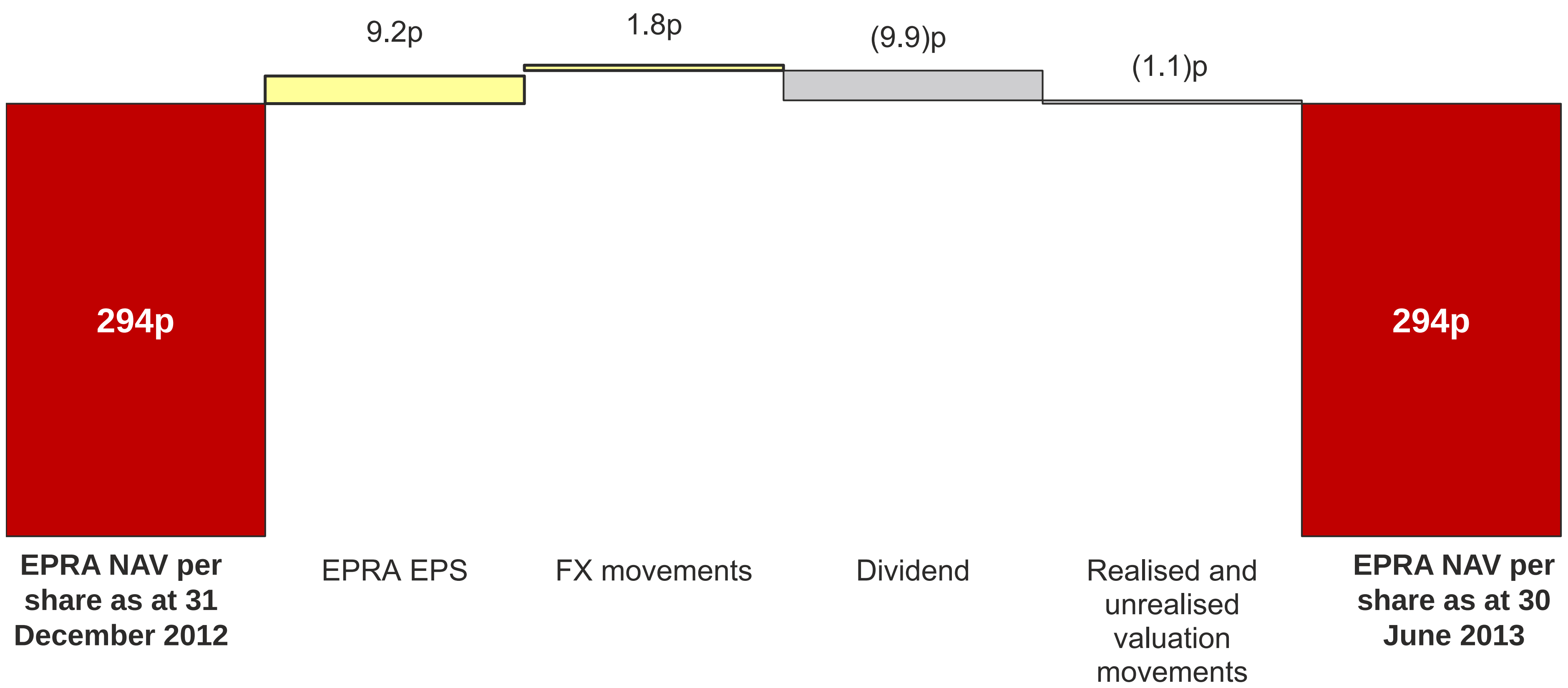
Further cost savings achieved



	H1 2013 £m	H1 2012 £m	Change %
Gross rental income (inc. share of JVs)	**165.3**	**176.5**	**(6.3)**
Property operating expenses	(25.9)	(26.0)	(0.4)
Administrative expenses	(12.1)	(13.1)	(7.6)
Net JV costs	(0.8)	(0.6)	33.3
Total costs	**(38.8)**	**(39.7)**	**(2.3)**

1 Total costs as a percentage of gross rental income. Total costs include vacant property costs

EPRA NAV per share unchanged



Strong financing metrics

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	30 June 2013	30 June 2013 Pro forma[1]	31 Dec 2012
Group:			
Net borrowings (£m)	2,132	1,313	2,090
Available funds - cash & undrawn facilities (£m)	325	1,011	449
Gearing (%)	96	65	93
Weighted average cost of debt[2, 5] (%)	4.5	5.2	4.6
Average duration of debt (years)	7.8	9.2	8.3
Interest cover[3] (x)	2.3	2.0	2.3
Including JVs at share:			
Net borrowings[4] (£m)	2,436	1,784	2,388
LTV ratio - including JVs at share[4] (%)	52	44	51
Weighted average cost of debt[2, 5] (%)	4.4	4.8	4.5

1 Pro forma for disposals completed after the period end and the SELP transaction
2 Excluding commitment fees and amortised costs
3 Net rental income / EPRA net finance costs (before capitalisation)
4 Includes deferred consideration from the SELP transaction
5 Based on gross debt

Significant reduction in pro forma look through LTV ratio

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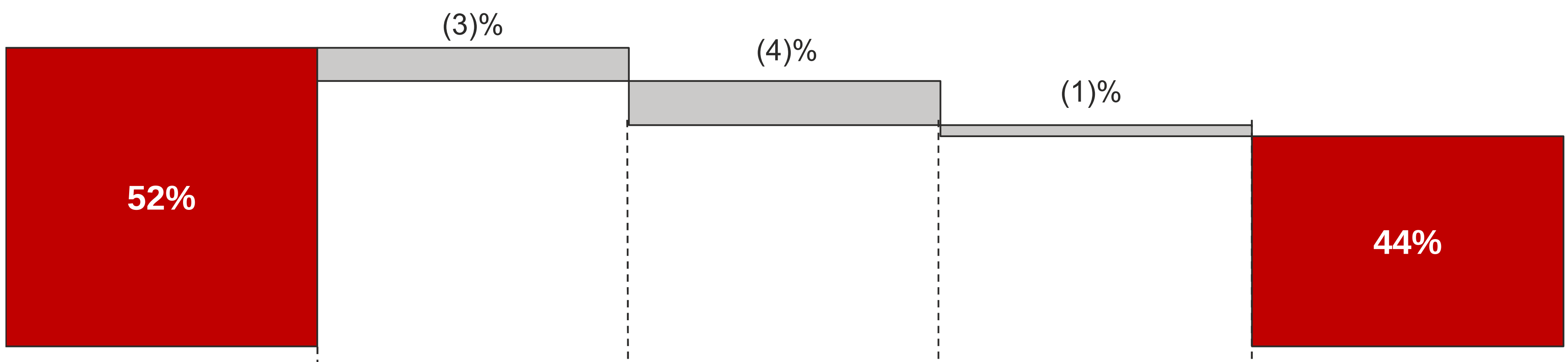
- £855 million of net proceeds receivable in H2 2013
- Used to pay down net debt and pursue profitable reinvestment opportunities
- Pro forma on balance sheet net debt of £1.3bn[2] at 30 June 2013



	LTV ratio at 30 June 2013	IQ Winnersh	SELP	Neckermann	**Pro forma LTV ratio at 30 June 2013**
Gross proceeds[1, 5]	(£m)	245	571[2]	39	
Book value[1]	(£m)	228	416[3, 4]	39	
Share of JV bank debt[1]	(£m)	n/a	166	n/a	

1 Based on average and closing exchange rate for H1 2013 of €1.17 / £1
2 Includes £129m of deferred consideration from PSP and £4m gain on sale from 7% coupon on deferred consideration. Net of SEGRO equity contribution to SELP and £3m of transaction costs incurred to date
3 50% of value of properties sold
4 Excludes £30m to acquire Belgian JV assets and capex
5 Gross proceeds before rent guarantees, top ups and transaction costs

Pro forma earnings

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	As occurring	EPRA PBIT £m	At 1 July
Reported H1 2013 operating profit		**120.0**	
Pro forma impact of significant H1 2013 transactions			
Disposals in H1		(1.1)	
Acquisitions in H1		0.8	
Developments completed and let in H1		1.0	
Net impact of Neckermann departure		0.9	
		121.6	
Pro forma impact of significant H2 2013 transactions	**As occurring**		**At 1 July**
IQ Winnersh sale	*(6.0)*		*(7.2)*
SELP transaction	*(7.4)*		*(14.7)*
Neckermann sale	*(0.2)*		*-*
Developments completed and let in H2 2013 (est.)	*0.6*		*1.2*
Pro forma H2 operating profit	***108.6***		***100.9***

Plus impact of 2014 development completions and further capital recycling activity

Financial summary

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- EPRA PBT down £5.9m despite £26.6m NRI impact of disposals/ Neckermann
- Good progress in cost management
- Dividend maintained
- Stable asset values
- Balance sheet strength – significantly greater financial flexibility to reinvest

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Business Review

David Sleath
Chief Executive

Selig, Slough Trading Estate

An active and successful period

- Strong operational performance
  - *Lettings up 30%*
  - *Good momentum in development pipeline*
  - *Further cost savings achieved*

- Portfolio valuation up 0.3%
  - *Core portfolio valuation up 0.8%; outperforming IPD Industrial Index*
  - *Suburban offices flat*
  - *Non-core assets down 2.4%*

- Significant strategic progress
  - *£437m of disposals; 5.6% above book value*
  - *€1bn Continental European logistics JV created*
  - *Active reinvestment into developments, acquisitions and land*

Well positioned for future growth

Strong operational performance

- 122 new lettings generating £16.7m of new rental income (up 30%)

  - £2.6m additional rental income in solicitors' hands

- 53 lease re-gears and renewals, securing £7.5m of rental income

  - Retention rate of 75% (H1 2012: 63%)

- Group vacancy rate 9.5% (core: 8.1%), or 8.9% pro forma for after period end disposals

- Further reduction in administrative expenses

Positive portfolio valuation movements

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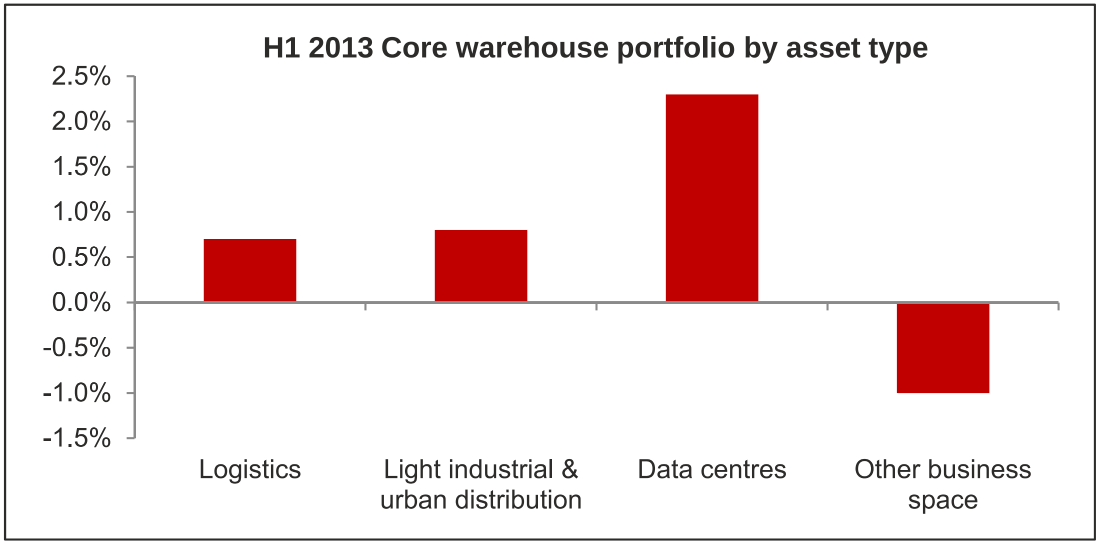
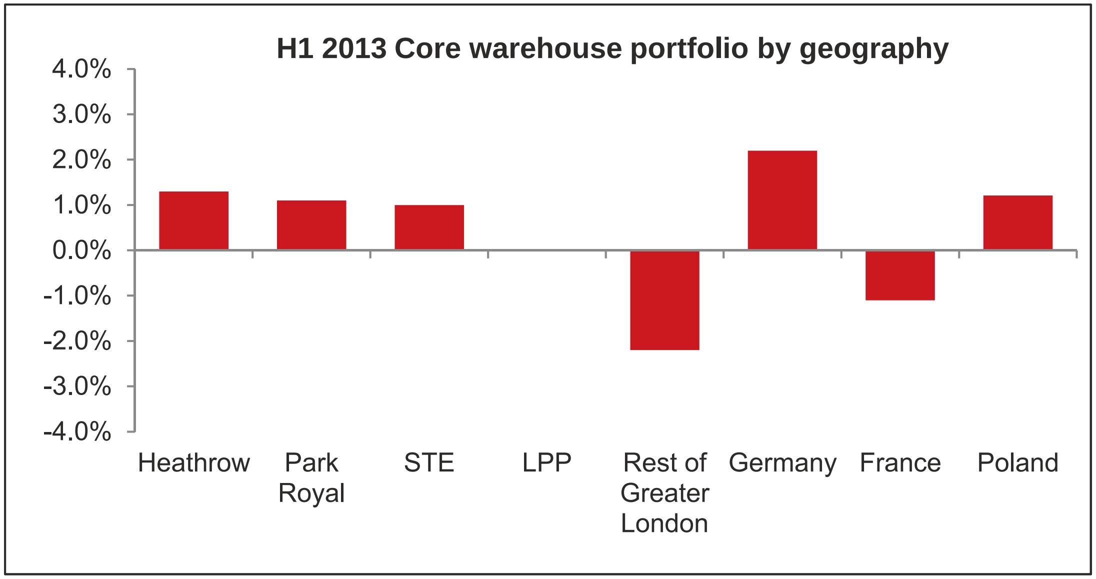
- Core ‘industrial’ +0.8%
- Offices 0.0%
- Non core (2.4)%
- **Total portfolio +0.3%**
- IPD UK Index
  - All property (0.4)%
  - Industrial 0.0%





Valuation including joint ventures at share (including land and development) and in relation to the completed properties only

£437m of disposals at 5.6% above book value and 6.2% average exit yield

Thales, UK (£80m)

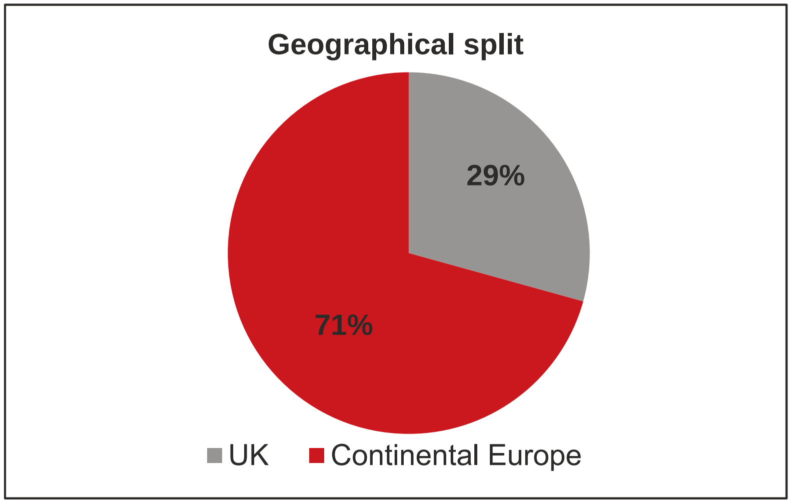
MPM, Munich (£56m)

Neckermann, Germany (£39m)

IQ Winnersh, UK (£245m)

£560m of non-core assets remaining

At 30 June 2013[1]	Valuation £m	Income[2] £m
'Big 2' assets[3]	**157**	**16**
Other assets & land	**403**	**36**
Total	**560**	**52**



Pegasus Park, Brussels

Energy Park, Milan

1 Including our share of joint venture assets
2 Income based on headline rental income (after the expiry of rent free periods)
3 Excluding Neckermann (contracts exchanged to sell after the period end)

€1bn Continental European logistics JV to take advantage of growth opportunities

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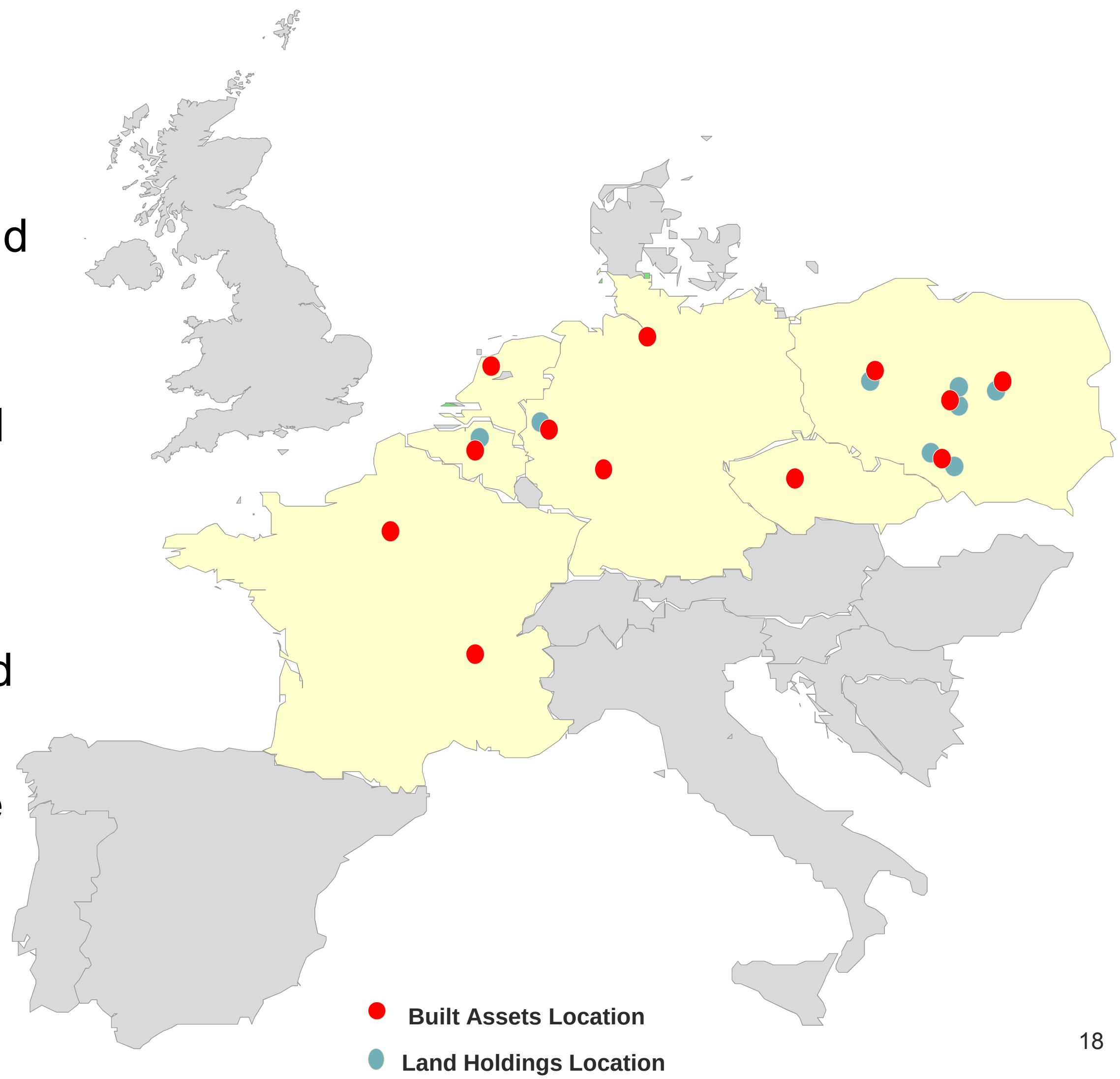
- 50/50 JV with PSP to create a leading Continental Europe logistics platform
- Seeded with SEGRO's €1 billion Continental European logistics portfolio, including 84 hectares of development land
- Provides access to long term capital to accelerate growth and take advantage of consolidation opportunities in Continental Europe
- Leverages SEGRO's asset management platform, generates management and development fees, improves risk adjusted returns
- In line with strategic objective to increase use of third party capital



£55m reinvested into modern warehouses at a 7.5% average entry yield

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Urban distribution park, Warsaw

- Acquired for €43m
- 49,900 sq m of urban distribution space
- Prime location close to city centre
- 85% occupied by range of customers
- Follows €14m urban distribution park acquisition in Warsaw last year (Ozarow)

Large logistics warehouse, UK

- £18m acquisition due to complete Aug 2013
- 28,200 sq m big box logistics warehouse
- Located on retailer-centric distribution park
- Excellent links with M1 and M6
- 10 year lease with Clipper Logistics
- Servicing major new contract for SuperGroup

£126m invested or committed to developments; 9% yield on total cost

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8 Completed development projects

- 69,100 sq m of new space
- £3.5m of annual rent (86% let)
- £28.2m development cost (excl. land)

1. DPD, Wroclaw
2. Speculative development, Krefeld, near Dusseldorf
3. Warmup, Tudor Estate at Park Royal

14 Current development projects

- 137,200 sq m of new space
- £10.3m of annual rent (71% let)
- £97.3m development cost (excl. land)

4. Premier Inn, Edmonton
5. FedEx, Slough Trading Estate
6. Toll Global Forwarding, North Feltham

£25m invested in land for future development

Well positioned for future growth

Geopost, Enfield

Key trends supporting our strategy

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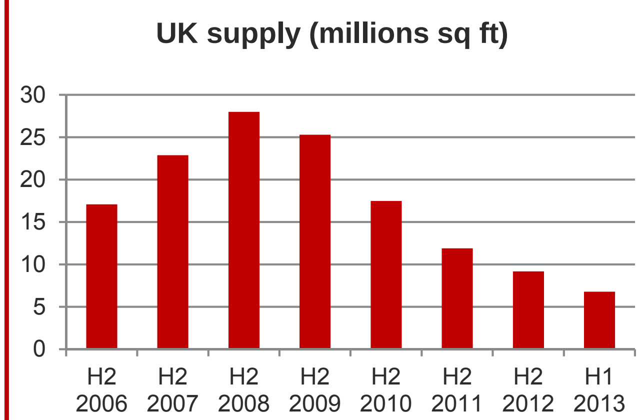
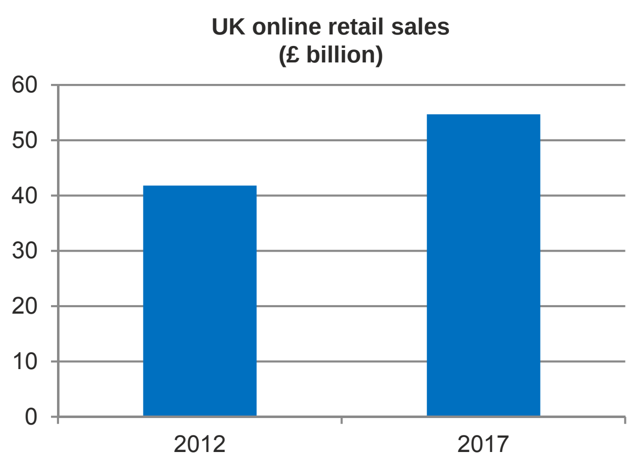
Attractive structural demand drivers

- ✓ Growth in internet retailing, convenience shopping and B2B distribution requiring local delivery/fulfilment solutions
- ✓ On-going supply chain improvements by retailers, manufacturers & third party logistics providers
- ✓ Increasing need for electronic data storage solutions driving demand for data centres
- ✓ Recovery in high-tech/engineering-led production

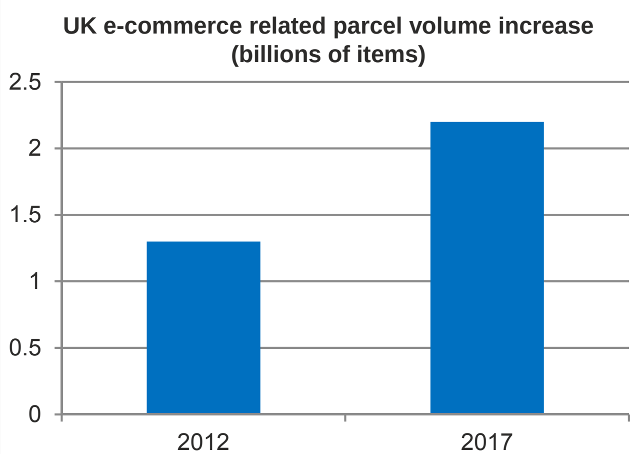
Limited supply of modern warehouse assets



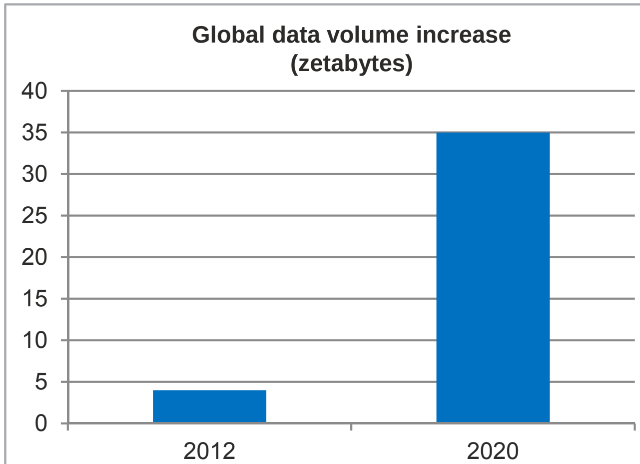
Source: JLL



Source: Forrester, European online retail forecast 2013

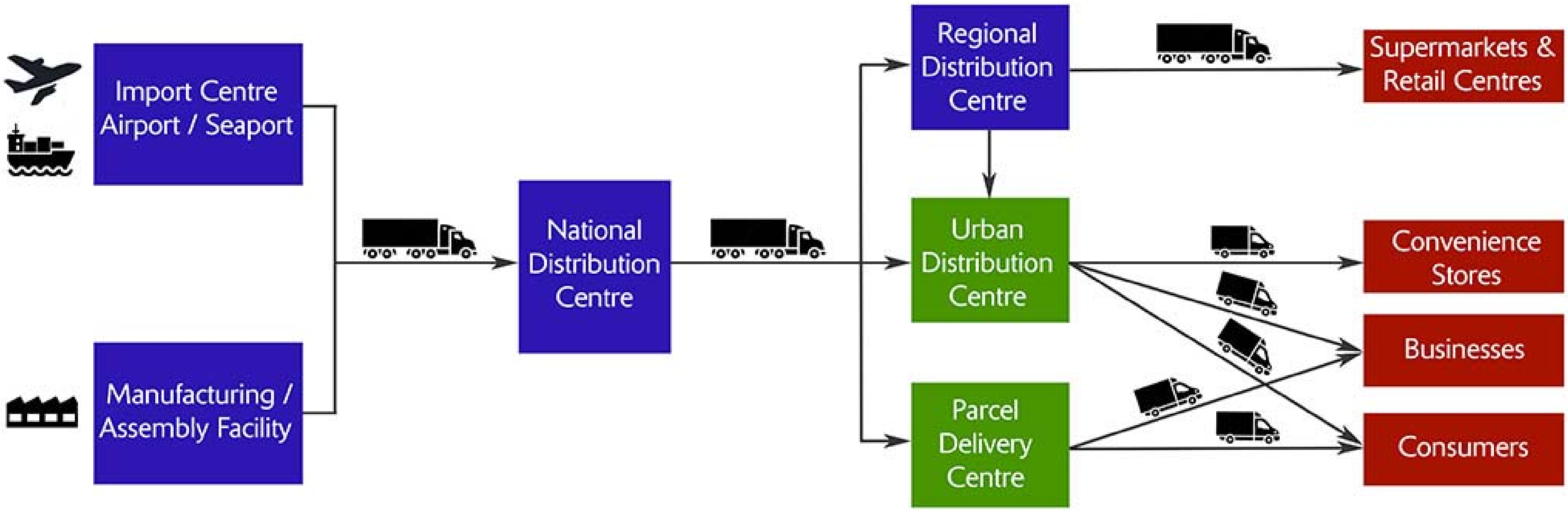


Source: IMRG, 2013



Source: Capital Science Corporation, 2013

SEGRO is well positioned to serve the supply chain evolution



Parcel delivery companies – the most active sub-sector of our customer base

Existing space

11,700 sq m in Krefeld, Dusseldorf

5,700 sq m at Park Royal
5,200 sq m in Lyon, France

2,600 sq m at The Heathrow Estate

4,300 sq m at Slough Trading Estate

New developments

3,100 sq m pre-let signed
Slough Trading Estate

6,900 sq m pre-let completed
Wroclaw

Land bank well located to capitalise on the favourable demand/supply dynamics

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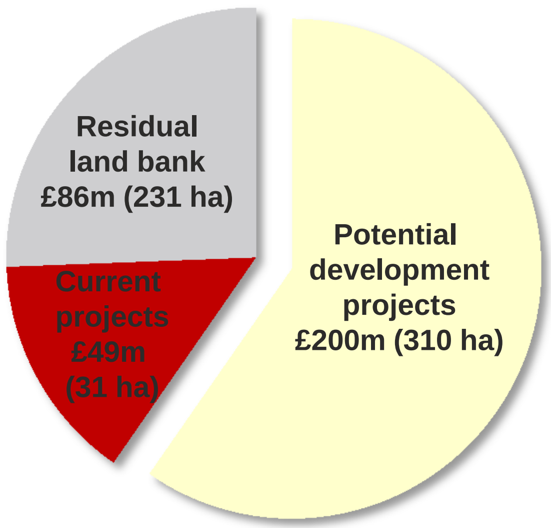
Current land holdings by value

(as at 30 June 2013)



Potential development projects

- £77m of potential future annual rent
- £608m estimated development costs
- 9.5% estimated yield on TDC[1]
- 12.7% estimated yield on new money

1 Total development cost (including land)

Summary

- Strong operational performance
- Significant progress with strategic portfolio repositioning
- Investment market strengthening
- Well positioned for future growth

Creating the best owner-manager and developer of industrial properties and a leading income-focused REIT

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Q&A

Appendix I
Portfolio data

£985m of disposals announced or completed since 1 January 2012

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Month	Portfolio/Asset	Acquirer	Sale proceeds (£m)	Net initial yield (%)
H1 2013:				
January	Thales in Crawley	L&G Property	80.0	5.9 / 5.9[1]
February	MPM in Munich	Private investor	55.6	7.9 / 7.9[1]
Various	Other non-core assets	Various	16.6	7.7 / 7.7[1]
H2 2013:				
July	IQ Winnersh	Patrizia AG & Oaktree Capital LP	245.1	5.9 / 7.4[1]
July	Neckermann site	Private investors	39.3	n/a
Sub total			**436.6[2]**	**6.2 / 7.2[1]**
2012			548.1	7.3 / 7.9[1]
Total			**984.7**	**6.8 / 7.6[1]**

1 Including the benefit of top-ups
2 Excluding the sale of assets into SELP

Current development pipeline

Project	Customer	Space to be built (sq m)
UK		
Pre-let projects under construction		
Feltham (joint venture)	Toll / spec	8,000
Edmonton, London	Premier Inn	4,000
Contracted projects		
Slough Trading Estate	Fedex / spec	6,000
Speculative developments		
Edmonton	Spec	7,800
Slough Trading Estate	Spec	3,300
Total		**25,100***

- **£10.3m of annualised rental income**
- **£48.6m of future capital expenditure**
- **71% pre-let**

Project	Customer	Space to be built (sq m)
CONTINENTAL EUROPE		
Pre-let projects under construction		
Vimercate, Italy	Alcatel-Lucent	34,000
Nardarzyn – Warsaw, Poland	Zabka	23,800
Alzenau, Frankfurt	Sauerbrei / spec	17,300
Komorniki II, Poland	Good Food / Colquimica / spec	9,200
Wroclaw, Poland	Specjal / spec	6,600
Hostivice, Czech Republic	IKEA	5,700
Tychy, Poland	Zabka extension	2,500
Contracted projects		
Ozarow, Poland	CAT	4,600
Speculative developments		
Berlin, Germany	Spec	8,500
Total		**112,200**

* Includes Feltham project at Group share

Appendix II
Supplementary financial data

EPRA pro forma profit before tax: JVs proportionally consolidated

	H1 2013			H1 2012		
	Group £m	JVs £m	Total £m	Group £m	JVs £m	Total £m
Gross rental income	144.6	20.7	**165.3**	156.9	19.6	**176.5**
Property operating expenses	(25.9)	(1.4)	**(27.3)**	(26.0)	(1.0)	**(27.0)**
Net rental income	**118.7**	**19.3**	**138.0**	**130.9**	**18.6**	**149.5**
Joint venture management fee income	2.0	(1.4)	**0.6**	2.9	(1.6)	**1.3**
Administration expenses	(12.1)	-	**(12.1)**	(13.1)	(0.1)	**(13.2)**
EPRA operating profit	**108.6**	**17.9**	**126.5**	**120.7**	**16.9**	**137.6**
EPRA net finance costs	(51.0)	(6.6)	**(57.6)**	(55.9)	(6.8)	**(62.7)**
EPRA profit before tax	**57.6**	**11.3**	**68.9**	**64.8**	**10.1**	**74.9**
Tax on EPRA profit	(0.9)	0.1	**(0.8)**	(1.3)	-	**(1.3)**
EPRA profit after tax	**56.7**	**11.4**	**68.1**	**63.5**	**10.1**	**73.6**

Movement in Group net borrowings

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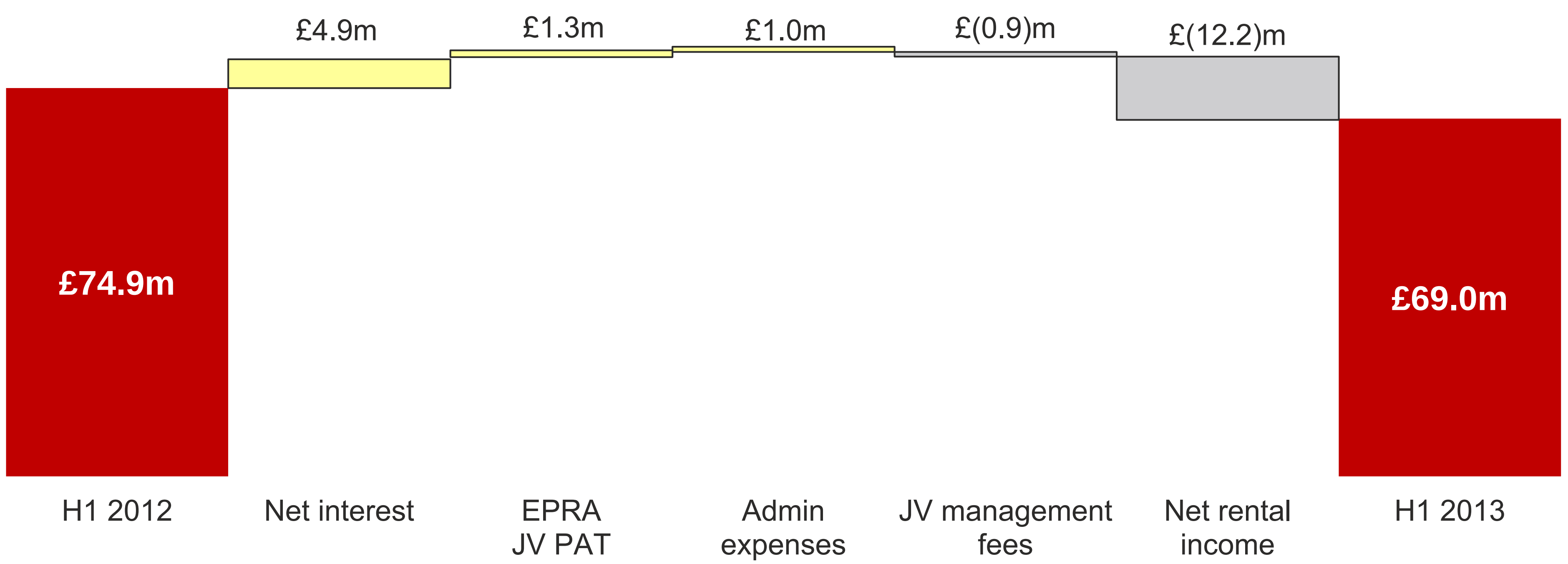
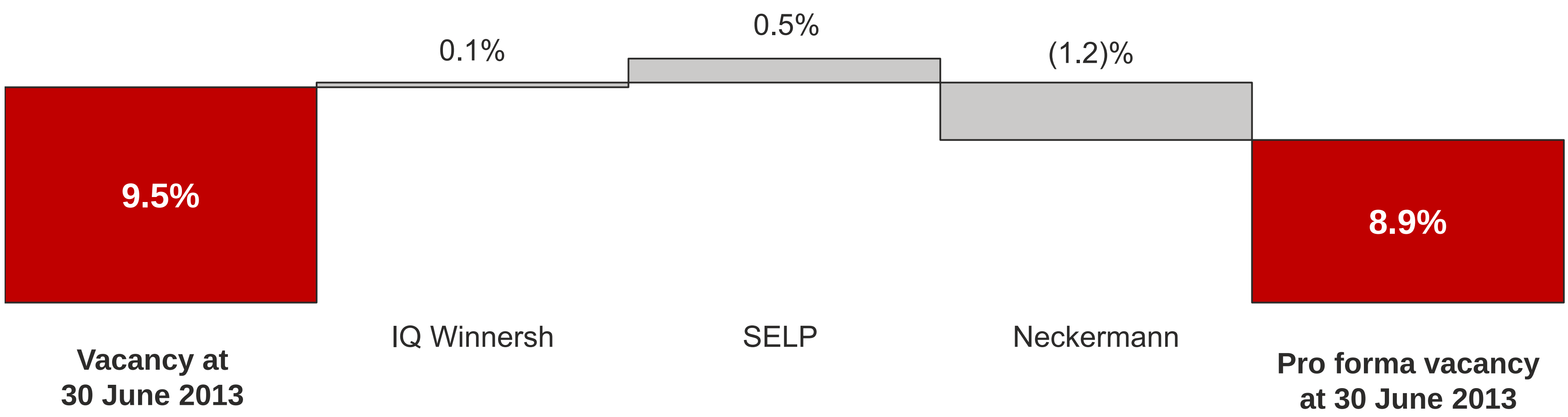
	H1 2013 £m	H1 2012 £m
Opening net debt	**(2,090.3)**	**(2,303.4)**
Cash flow from operations	91.4	107.4
Finance costs (net)	(58.4)	(52.3)
Dividends received (net)	11.8	2.3
Tax paid (net)	(0.7)	(12.2)
Free cash flow	**44.1**	**45.2**
Dividends paid[1]	(63.0)	(65.9)
Acquisitions and development of investment properties	(93.6)	(64.6)
Investment property sales (including joint ventures)	155.7	352.5
Net settlement of foreign exchange derivatives	(64.4)	45.8
Net investment in joint ventures	(4.6)	(50.8)
Other items	0.2	2.7
Net funds flow	**(25.6)**	**264.9**
Non-cash movements	(2.1)	(2.3)
Exchange rate movements	(14.3)	18.5
Closing net debt	**(2,132.3)**	**(2,022.3)**

1 Payment of the final dividend (9.9p), not interim dividend (4.9p), in both years

EPRA PBT bridge



Pro forma vacancy rate



- Pro forma Group vacancy rate reduced to 8.9%
- Largely driven by disposal of the high vacancy Neckermann site

Euro currency exposure and hedging

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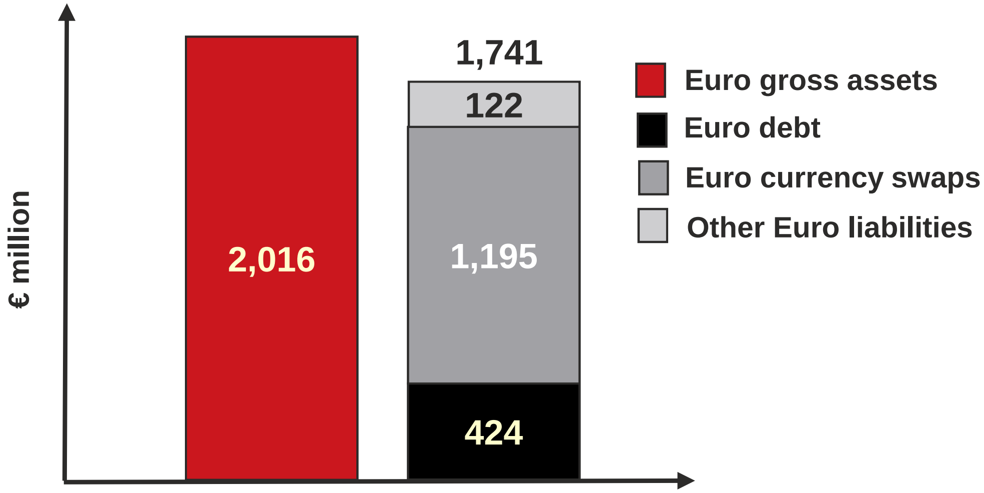
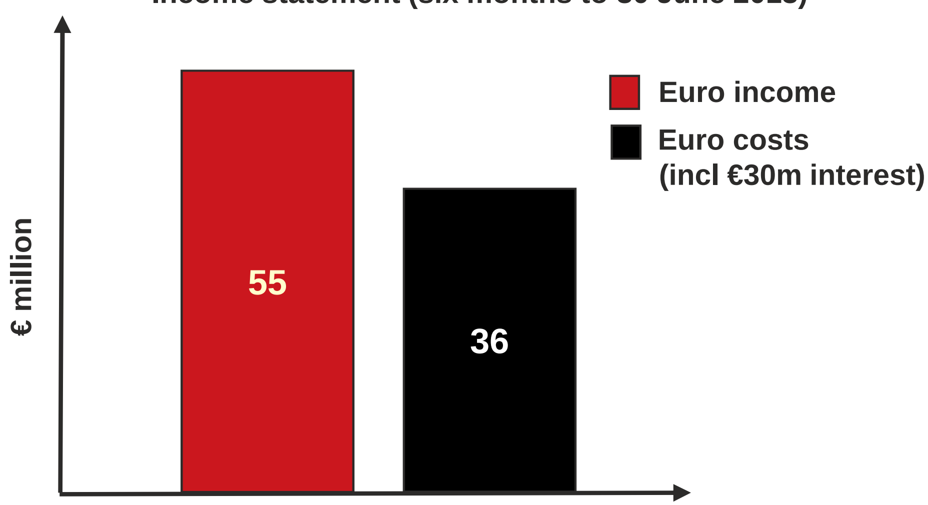
Balance sheet (as at 30 June 2013)



Income statement (six months to 30 June 2013)



1 Including JVs at share

- €1.17:£1 as at 30 June 2013
- € assets 86% hedged by € liabilities
- €275m (£235m) of residual exposure - 11% of Group NAV
- NAV sensitivity versus €1.17:

  + 5% (€1.23) = - c.£11m (c1.5p per share)

  - 5% (€1.11) = + c.£12m (c1.6p per share)

- LTV (on look through basis[1]) at €1.17:£1 is 52%
- Sensitivity versus €1.17:£1 :

  + 5% (€1.23) LTV - 0.5%

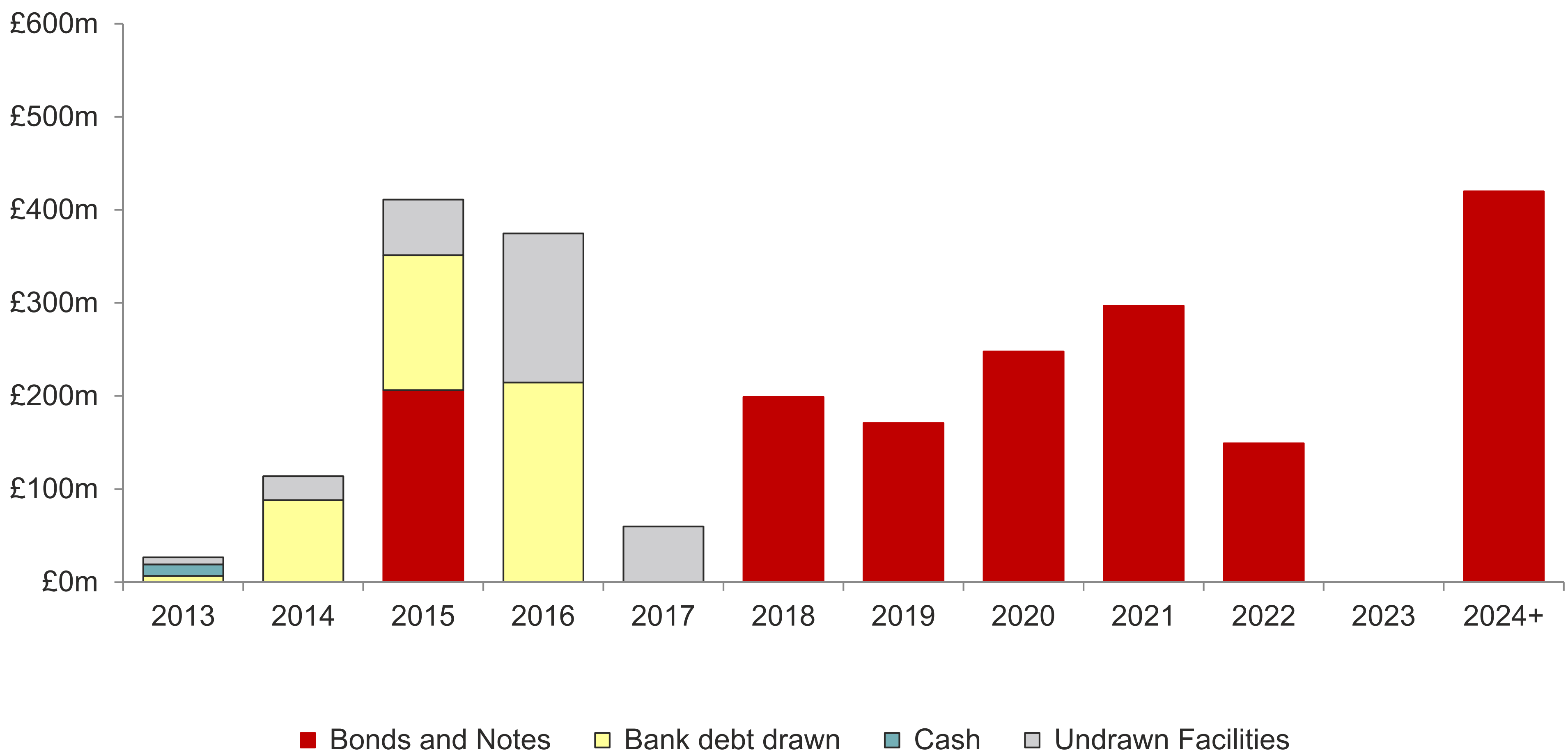
  - 5% (€1.11) LTV + 0.5%

- Average rate for 6 months to 30 June 2013 €1.17:£1
- € income 61% hedged by € expenditure (incl. interest)
- Net € income for the period €19m (£16m) – 23% of Group
- Annualised net income sensitivity versus €1.17:

  + 5% (€1.23) = - c.£1.8m (c0.2p per share)

  - 5% (€1.11) = + c.£2.1m (c0.3p per share)

Group debt maturity profile



Average maturity of gross borrowings 7.8 years (31 December 2012: 8.3 years)

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Appendix III
Continental European Logistics JV

Key terms of the joint venture

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Capitalisation	• Initial equity commitment by PSP Investments of €303 million, of which 50% deferrable at SEGRO's option for up to 2 years(1) • Non-recourse 5-7 year secured JV debt funding of up to c. €390 million at a c. 40% LTV ratio and a weighted average margin above Euribor of c. 185bps (credit committee approved and subject to finalisation of due diligence and documentation)
Commitment for Growth	• €123 million binding equity commitment from SEGRO and PSP Investments to fund development of adjacent seed land • Intention of SEGRO and PSP Investments to contribute additional equity to fund further growth of the Venture
Fees	• SEGRO to act as asset, property and development manager and earn associated fees • SEGRO also entitled to an incentive fee depending on future performance of the Venture
Exclusivity	• Exclusive logistics investment vehicle of SEGRO in the Venture's Target Markets • Venture will have a right of first refusal on logistics land retained by SEGRO and new logistics acquisitions in the Target Markets
Liquidity	• Perpetual life vehicle, with periodical liquidity rights, starting in year 10 • 3-year lock-up, following which either party have the ability to reduce their ownership to no less than 25%

1. PSP Investments will pay a 7% coupon on deferred portion of consideration

Transaction proceeds and impact on leverage

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- Net cash proceeds to SEGRO at Closing of £434 million (€508 million) with a further £129 million (€152 million) of consideration deferred for up to two years
- Flexibility for SEGRO on the deferred consideration depending on Group's funding requirements
- Proceeds initially applied to repay bank borrowings with any balance held in cash
- Impact on SEGRO:
  - Reduction in Group net debt of £571 million[1][3]
  - Look-through LTV as at 30 June 2013 reducing on a pro forma basis by 4% from 52% to 48%
  - Pro forma EPRA NAV decreased from 294 pp to 292 pp including net costs of £17m in respect of transaction costs and transfer taxes / stamp duties
  - No anticipated change in rating from Fitch

Proceeds to SEGRO[1]

	€m	£m
Sale of Seed Portfolio	973.8	831.6
Less: SEGRO equity contribution (50%)[2]	(303.2)	(258.9)
Less: SEGRO transaction costs	(10.6)	(9.1)
Total Proceeds	**660.0**	**563.6**
of which: cash proceeds at completion	*508.4*	*434.2*
of which: deferrable proceeds (up to 2 years)	*151.6*	*129.4*

Balance Sheet Impact[1]

£m	June-13	Pro Forma
Look-through Net Debt	2,436	2,061
Look-through GAV	4,687	4,301
Look-through LTV (%)[4]	52%	48%
EPRA NAV (pp)	294	292

Notes

1. *£/€ exchange rate of 1.17 as at 30 June 2013*
2. *Including real estate transfer taxes / stamp duties, and set-up costs at 50% SEGRO share*
3. *Includes £4.8m gain on sale arising from difference between 7% coupon on deferred consideration and 5% coupon factored into EPRA earnings and net of £3m transaction costs incurred to date*
4. *Deferred consideration treated as cash equivalent*

Impact on SEGRO's earnings

- Full-year reduction in EPRA post-tax earnings of £11 million (€13 million), as a result of:
  - The deleveraging effect from selling 50% of the assets going into the Venture (loss of rents less interest savings)
  - Partially compensated by fees earned from the Venture and the interest income on the deferred consideration
- SEGRO expects to mitigate the loss in earnings over time as proceeds are re-invested into the Venture and in its other on-balance sheet activities
- Dividend expected to remain covered by EPRA earnings
  - Remain committed to at least maintain the dividend through the portfolio re-shaping process

Annualised Impact on EPRA Post-Tax Earnings[1]

	£m	pp
NRI Impact	(54.2)	(7.4)
Reduction of JV earnings (Belgium JV)[2]	(1.0)	(0.1)
Share of Venture earnings	20.5	2.8
Fees from Venture	5.2	0.7
Interest Savings[3]	12.2	1.6
Coupon on Deferred Consideration[4]	6.5	0.9
Total impact on SEGRO earnings	**(10.8)**	**(1.5)**

Impact of Re-Investment into the JV on EPRA Earnings (£m)[1][5]

		Total Portfolio Investment by SEGRO (50% Share)		
		€200m	€350m	€500m
Average Gross Yield	7.0%	£7.2m	£12.6m	£18.0m
	7.5%	£8.0m	£14.0m	£20.0m
	8.0%	£8.8m	£15.4m	£22.0m

Notes

1. *£/€ exchange rate of 1.17 as at 30 June 2013*
2. *Corresponds to share of EPRA profit from 50% stake JV in Belgium in 2012*
3. *Assumes £434m bank debt paydown*
4. *7% minimum coupon paid by PSP Investments on deferred consideration of £129m, of which 5% factored into EPRA earnings*
5. *Total portfolio investment includes SEGRO equity contribution and share*

Forward-looking statements

This presentation may contain certain forward-looking statements with respect to SEGRO's expectations and plans, strategy, management's objectives, future performance, costs, revenues and other trend information. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. The statements have been made with reference to forecast price changes, economic conditions and the current regulatory environment. Nothing in this presentation should be construed as a profit forecast. Past share performance cannot be relied on as a guide to future performance.