SELP
SEGRO EUROPEAN LOGISTICS PARTNERSHIP

RECENT ACTIVITY AND 2017 RESULTS

17 APRIL 2018

Today's presenters

Soumen Das,
Chief Financial Officer

Soumen was appointed as Chief Financial Officer at SEGRO in January 2017. Soumen joined from Capital & Counties Properties plc (the owner of Capco Covent Garden) where he was Managing Director and Chief Financial Officer.

Octavia Peters,
Head of Treasury

Octavia was appointed as Head of Treasury and Tax in July 2015. She joined the tax team at SEGRO in 2006, having previously worked in the tax division at PwC.

Jim Hartley,
SELP Venture Director

Jim has been the Venture Director since 2013 when SELP was created. He is responsible for the management and delivery of the venture's business plan. He joined SEGRO in 2001 and has held Investment and Asset management roles in both SEGRO's UK and European businesses.

Well located assets in core logistics markets…

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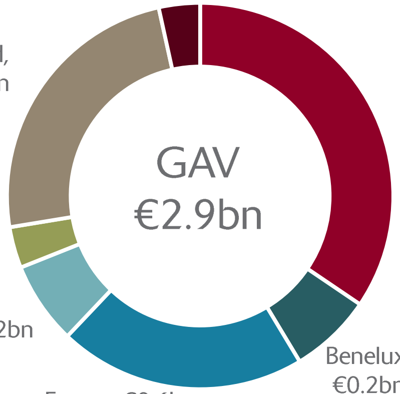
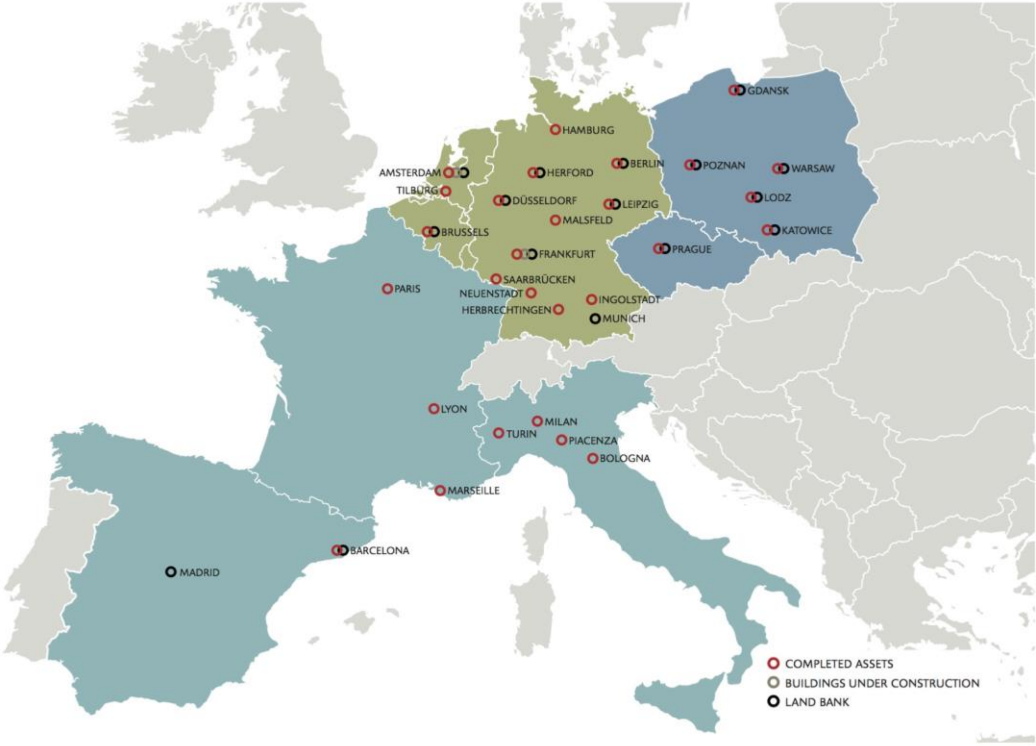
Portfolio split by geography
(at 31 December 2017)



	2017	2016
No. of assets	**144**	134
Customers	**197**	192
Headline rent[1]	**€173m**	€160m
Occupancy rate	**97.5%**	97.2%
WAULT to break	**5.3 years**	5.2 years



[1] Annualised headline rent is equal to total value of contracted rents excluding incentives

...with strong capital growth

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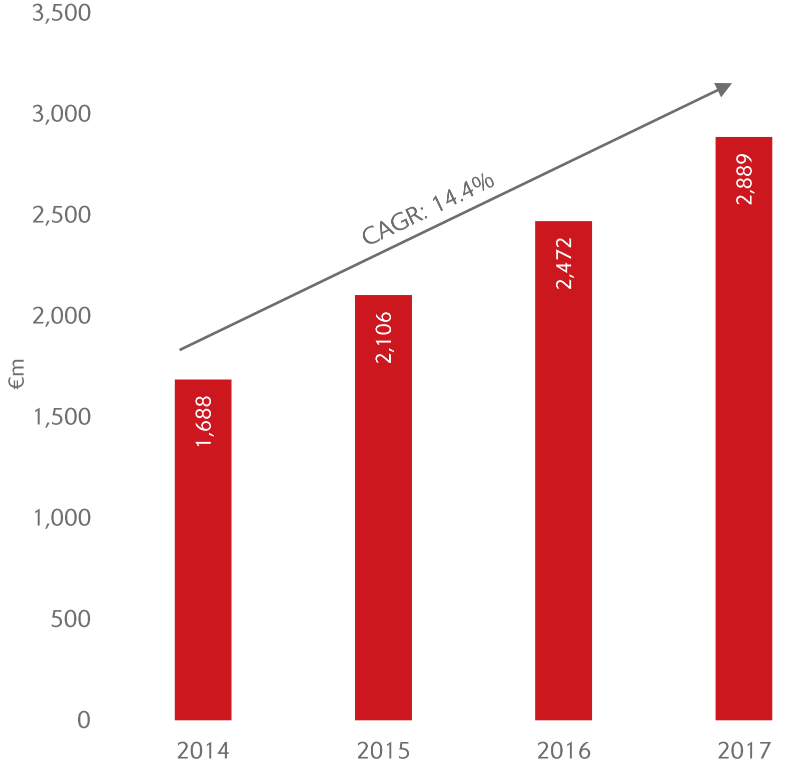
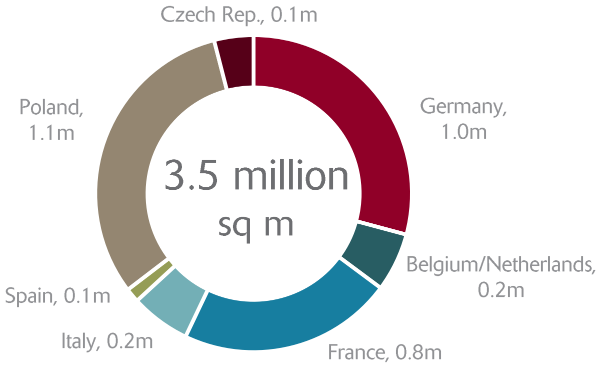
GAV growth, 2014 - 2017



Lettable area by geography
(at 31 December 2017)



Country	Net initial yield[1] %	Net true equivalent yield %	Vacancy[2] %
Germany	4.7	5.2	0.5
Belgium	5.1	5.9	17.4
Netherlands	5.6	5.5	–
France	5.2	5.6	1.4
Italy	5.9	5.9	–
Spain	2.6	5.3	–
Poland	6.3	6.6	4.8
Czech Republic	3.7	6.2	5.5
SELP Total	**5.3**	**5.8**	**2.5**

[1] In relation to SELP completed properties (i.e. portfolio excluding land and buildings under construction)
[2] Vacancy rate is based on estimated rental value of vacant properties divided by estimated rental value of completed properties including short term lettings

Key credit highlights

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Prime portfolio Grade A big box assets close to primary transport links	• Average age of portfolio 8.9 years • WAULT of 5.3 years to break and 6.5 years to expiry
Strong industry fundamentals	• High occupier demand • Constrained supply
Diverse customer base Positively exposed to retail in e-commerce	• Top 10 customers only account for 22% of the rent • 97% of income at risk retained or relet in year • 82% rated low or medium low risk
Diversified geographical split 67 estates across 8 countries	• The top 10 estates represent 37% of total value
Quality sponsors SEGRO plc and PSP Investments	• SEGRO has a successful track record in logistics investment and management • PSP is a significant and dependable source of long-term strategic capital

Income statement

	2017	2016	Variance
	Total €m	Total €m	Total €m
Gross rental income	203.8	183.6	20.2
Property operating expenses	(68.4)	(59.9)	(8.5)
Net rental income	**135.4**	**123.7**	**11.7**
Administration expenses	(2.0)	(1.8)	(0.2)
Realised and unrealised gains from change in fair value of investment properties	175.9	35.5	140.4
Adjusted operating profit	**309.3**	**157.4**	**151.9**
Net external finance costs	(14.2)	(20.6)	6.4
Net internal finance costs	(30.9)	(29.3)	(1.6)
Other finance costs	(2.1)	(13.4)	11.3
Adjusted profit before tax	**262.1**	**94.1**	**168.0**
Current tax	(7.8)	(1.3)	(6.5)
Deferred tax	(28.7)	(14.5)	(14.2)
Adjusted profit after tax	**225.6**	**78.3**	**147.3**

Balance sheet

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	31 December 2017	31 December 2016	Variance
	Total €m	Total €m	Total €m
Investment properties	2,834.5	2,472.6	361.9
Non-current assets classified as held for sale	54.8	–	54.8
Total properties	2,889.3	2,472.6	416.7
Other net liabilities	(78.2)	(0.9)	(77.3)
External borrowings	(1,047.4)	(872.7)	(174.7)
Shareholder funds	1,763.7	1,599.0	164.7
Related party borrowings	(385.7)	(557.2)	171.5
Net asset value	1,378.0	1,041.8	336.2

Strong financial position

Disciplined capital allocation improving portfolio scale and quality

Operational excellence delivers strong operating and development performance

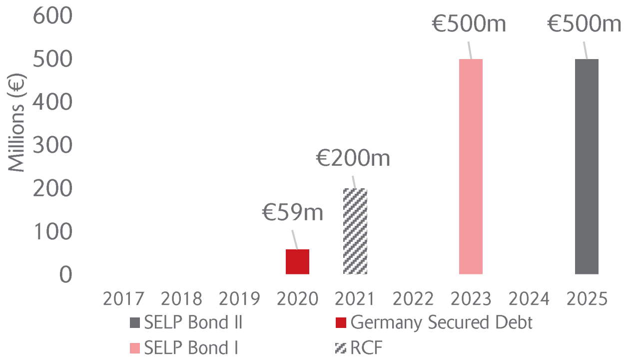
Supportive market conditions for future growth

Strong balance sheet and gearing metrics

	31 December 2017	31 December 2016
Weighted average cost of debt (%)	1.37	1.35
Average maturity of debt (years)	6.6	5.5
Fixed rate debt as proportion of net debt (%)	100	86
Net borrowings (€m)	1,047	873
Cash and available facilities (€m)	245	192
LTV ratio (%)	35	31
Unencumbered Assets (%)	95	72

Shareholder Agreement provides that shareholders are obliged to provide funding pro rated for approved development capex and acquisitions

Current debt maturity profile



- The 2017 €500m bond takes SELP to an almost fully unsecured debt structure

Efficient, conservative capital structure

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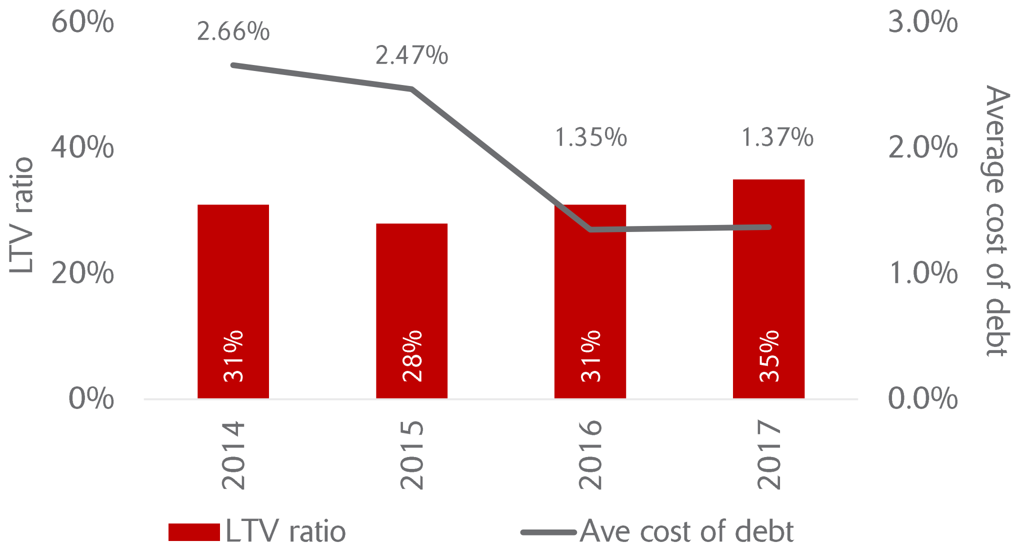
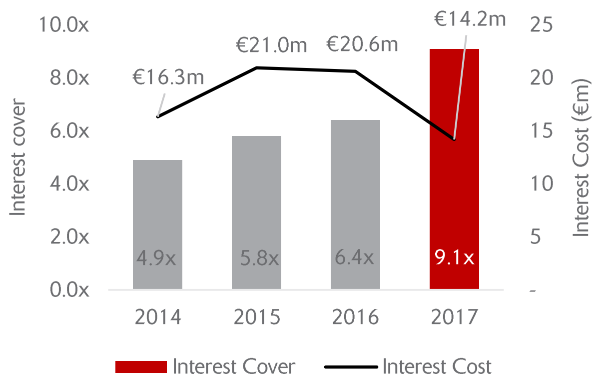
LTV ratio and average cost of debt, 2014-17



- LTV at 35%
- Average cost of debt 1.37%
- Interest cover 9.1 times (2016: 6.4 times)
- Interest cost decreased in the year to €14.2m (2016: €20.6m)

Interest Cover and Interest Cost pa, 2014-17



Strong financial position

Disciplined capital allocation improving portfolio scale and quality

Operational excellence delivers strong operating and development performance

Supportive market conditions for future growth

Improving portfolio quality and scale through disciplined capital allocation

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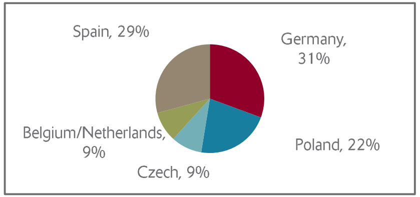
€98m of development capex

Development capex and infrastructure



Development land

€183m of acquisitions

Big box warehouses – France and Poland

Increased scale in Italy

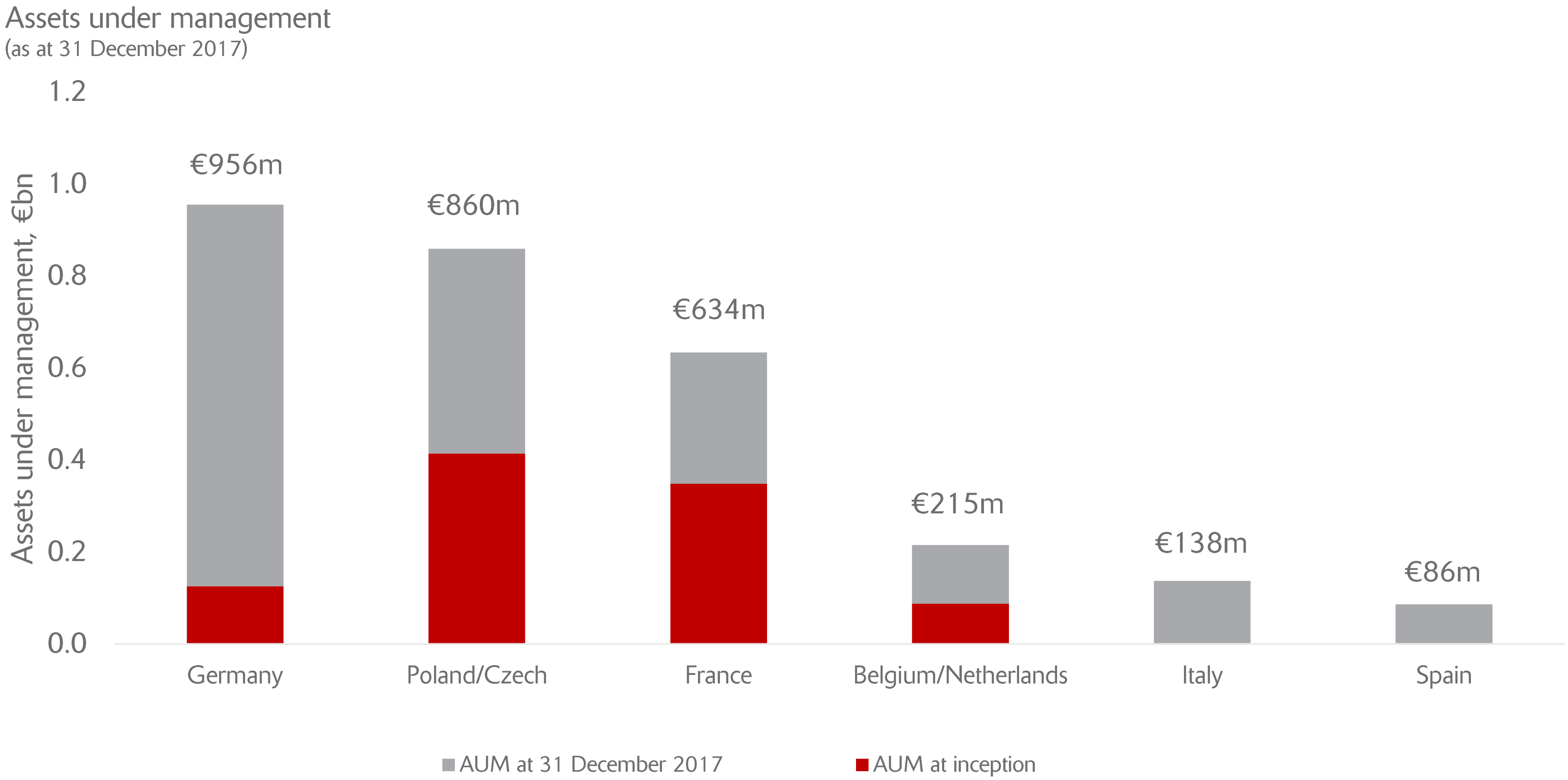
€57m of disposals

Disposals to part-fund future developments

- Average building age 21.3 years
- WAULT to break of 2.4 years

Recycling of older assets, primarily in France

Creating a scale position in Continental European warehouses



Creating a sustainable portfolio


SEGRO Logistics Park Tilburg, NL


SEGRO Park Amsterdam Airport, NL

Adopted the SEGRO sustainability strategy "SEGRO 2020" in 2015

Committed to develop new buildings to a BREEAM "Very Good" standard

Developing first BREEAM "Excellent" building in Amsterdam

Continued investment into renewable energy
– €3.75m invested in solar panels with Tesla in Tilburg, NL

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Strong financial position

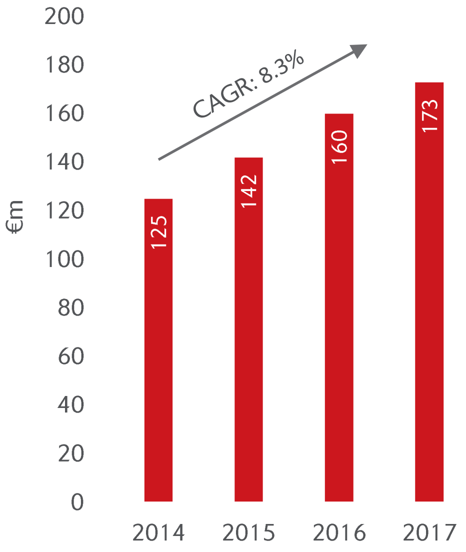
Disciplined capital allocation improving portfolio scale and quality

Operational excellence delivers strong operating and development performance

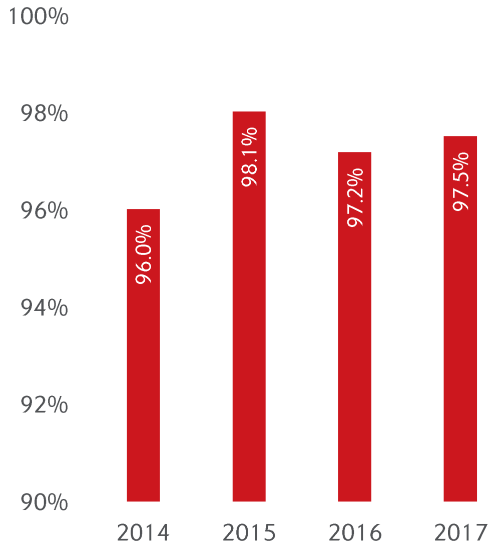
Supportive market conditions for future growth

Long term performance driven by asset management....

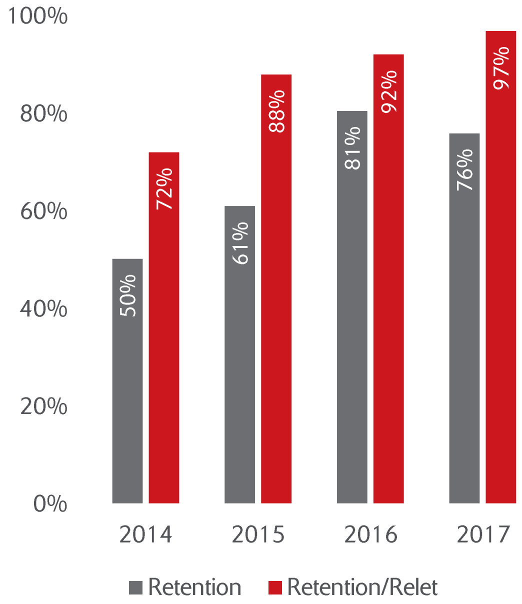
Growing rental income year on year[1]....



.... supported by continuingly high occupancy rates[2]....



....along with high levels of customer retention[3]



[1] Based on contracted headline rent
[2] Occupancy rate based on ERV at 31 December; includes short term lettings
[3] Re-lets based on space taken back and re-let within the same calendar year

....and through development

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209,000
sq m

€10.8m
ERV

€10.4m
rent secured
(96 per cent)

€98.5m
cost to complete

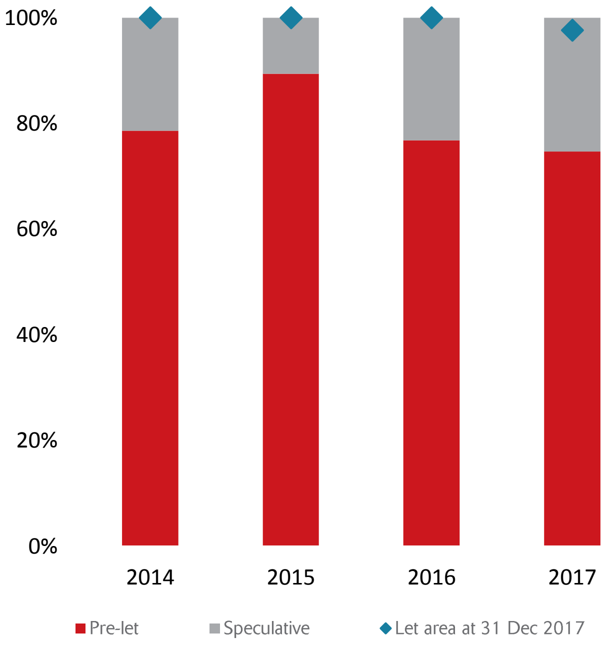
8%
Yield on cost


SEGRO Park Amsterdam Airport LC1


SEGRO Logistics Park Barcelona


SEGRO Logistics Centre Mitry-Mory

Development Completions - Letting status



Potential annualised gross rent from current and future pipeline by country (€16.4 million at 31 December 2017)

Germany (23%)	Spain (22%)	Poland (20%)	The Netherlands (25%)	Czech Rep. (9%)

A diverse customer base across a wide variety of industries….

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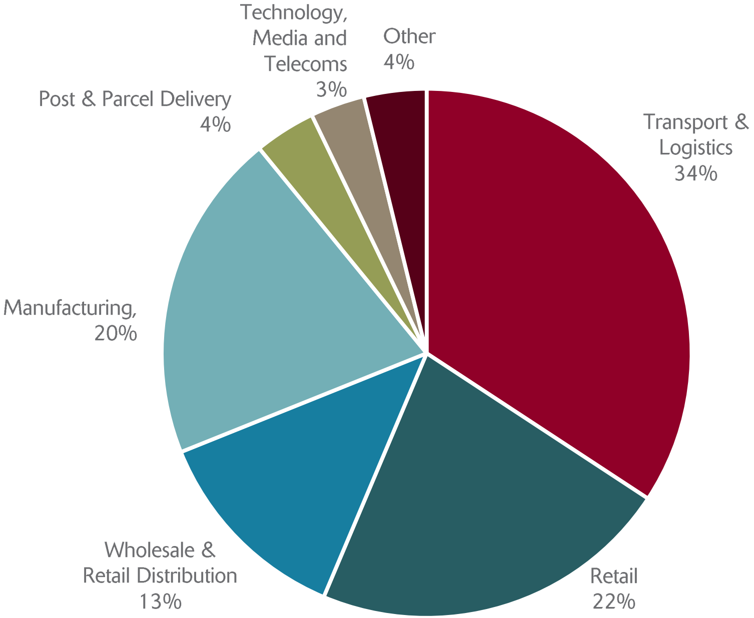
Top 20 customers by headline rent

The top 20 customers represent headline rent of €65.8 million in aggregate, 38% of the SELP's total headline rent at 31 December 2017

Customer type by headline rent



Weighted average lease length[1]

	Break years	Expiry years
SELP TOTAL	5.3	6.5

[1] *Weighted by headline rent*

….offering long-term income

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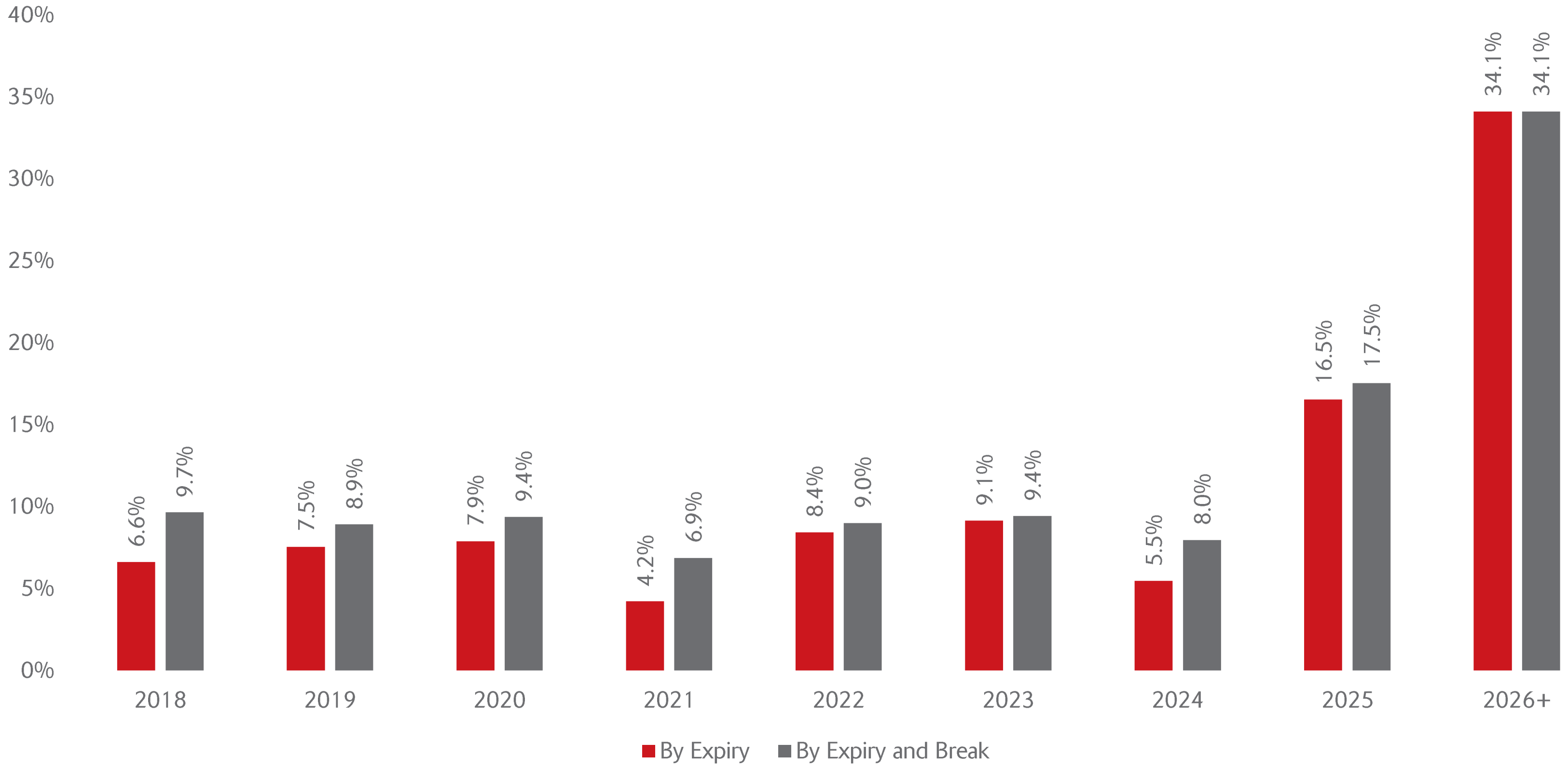
Lease Break and Expiry Profile 31 December 2017 (by ERV)





Strong financial position

Disciplined capital allocation improving portfolio scale and quality

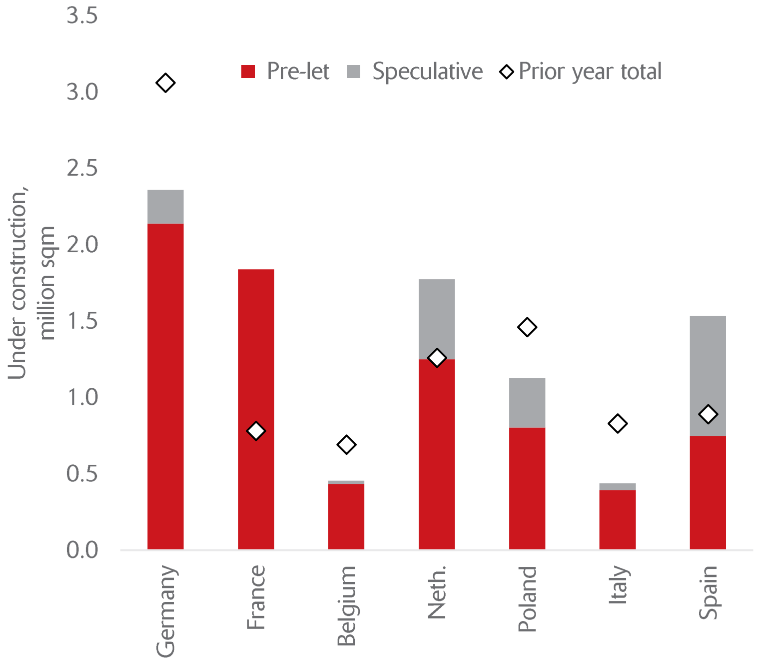
Operational excellence delivers strong operating and development performance

Supportive market conditions for future growth

Favourable market conditions

European warehouse development remains substantially pre-let

(Logistics space under construction; source: JLL)



- Supportive economic backdrop
- E-commerce growing market share across Europe
- Big box supply-demand dynamics remain favourable
- Supply response potential limited

Geography or Property Type	Demand conditions	Supply conditions	ERV growth 2017	ERV growth expectations
Continental Europe Big Box Warehousing	STRONG	MODERATE	0.6%	1%

Strong momentum going into 2018

SEGRO Logistics Park Ingolstadt

Strong balance sheet

Supportive market with structural drivers

Varied and diverse tenant profile

Profitable development pipeline

Q&A

APPENDIX

Joint Venture Summary

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Portfolio	• Formed in 2013, SEGRO European Logistics Partnership (“SELP”) is a 50:50 joint venture between SEGRO plc and PSP Investments that owns, invests and develops logistics properties
Geography	• SELP has a presence in 8 Continental European countries with a total of 67 estates of grade A big box logistics in prime locations
Investment Strategy	• Growth is primarily expected through core / core plus acquisitions and development • Development activity is mainly focused in Germany, France and Poland, predominantly on a pre-let basis
Investment Restrictions	• No single logistics estate represents >15% of GAV • No tenant represents >10% of passing rent • No country represents >50% of GAV • Investment in Vacant Properties <10% GAV • Development / land bank allowance of <10% GAV • Non target country Assets not to represent >10% of GAV • Out-of-Scope Assets not to represent >5% of GAV
Sponsors	• 50:50 Joint Venture between PSP Investments and SEGRO • Commitment from SEGRO to maintain >25% equity stake
SEGRO Role	• SEGRO acts as asset manager, development manager and property manager

Credit Rating

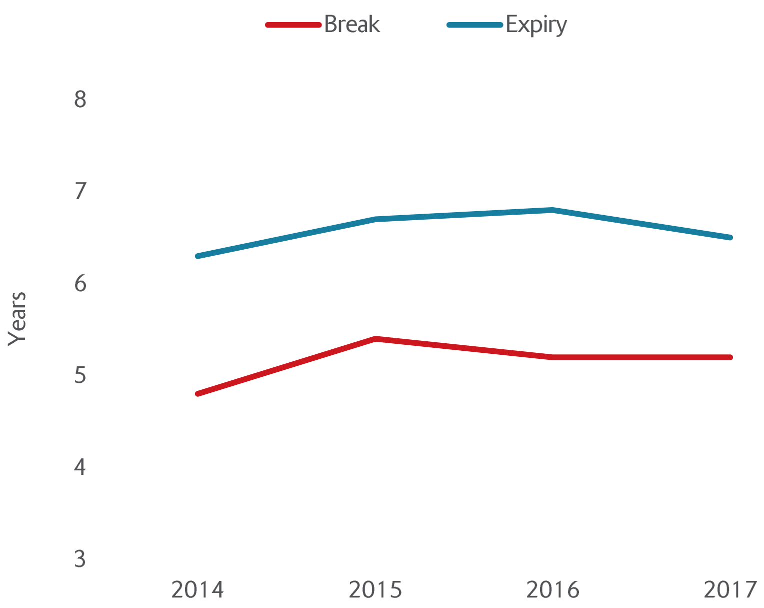
Rating Agency	Effective From	Rating	Outlook
Moody's (Sr. Unsecured)	2016	Baa2	Stable
Fitch (Sr. Unsecured)	2016	BBB+	Stable

Key Ratings Drivers – Moody's and Fitch Ratings November 2017	
Moody's	*"The planned EUR500 million bond issuance is credit positive because SELP will use the proceeds to improve financial flexibility by (1) increasing unencumbered assets following repayment of secured facilities (2) providing more capacity under the EUR200 million revolving credit facility and (3) lengthening the debt maturity profile ," says Ramzi Kattan, a Moody's Vice President and lead analyst for SELP.*
Fitch Ratings	*"**Completes Transition to Unsecured:** Repayment of the French secured debt would complete SELP's transition to an unsecured funding structure and leave only EUR59 million of debt secured on some assets located in Germany. The transaction would thus significantly reduce prior ranking debt and any adverse selection of unencumbered assets compared with the overall portfolio. The unencumbered assets amount to around 95% of the total property assets at end of 1H2017 pro forma for the transaction. Unencumbered asset cover would be 2.4x pro forma."*

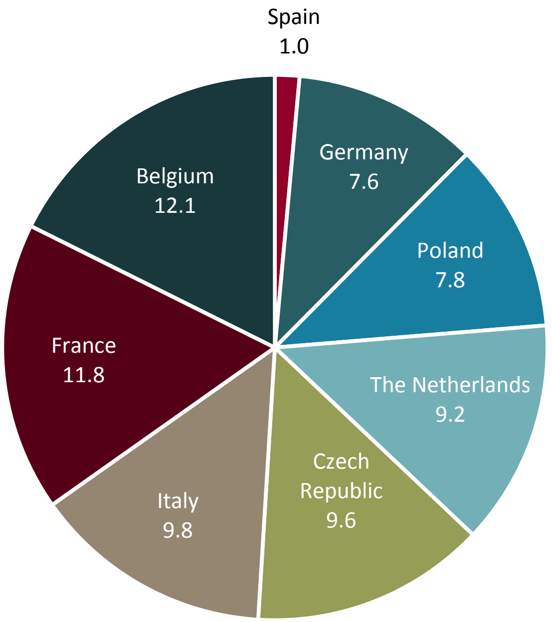
Source: Moody's and Fitch Ratings Press Releases

Strong underlying property metrics

Weighted Average Unexpired Lease Term[1]



Building Age (years)[2]



[1] Lease length assuming customers break at the earliest opportunity
[2] Based on ERV at 31 December 2017

Financial Policy

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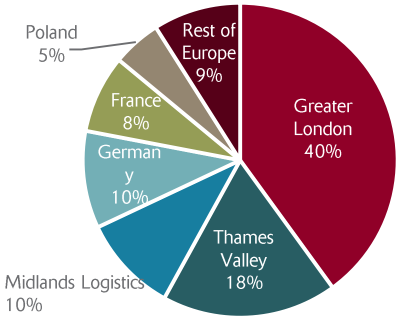
Leverage and Financing	• Conservative leverage policy with target 40% LTV • Intention to move to wholly unsecured debt structure • Fixed rate or hedged debt target of 70% – 100% of total
Liquidity	• Periodic liquidity events starting in 2023 and subsequently every 3 years • Proceeds from asset sales will go in priority to repayment of asset level secured loans (where relevant), for liquidity provision and will repay unsecured loans to ensure target LTV is met
Shareholder Loan Restrictions	• Shareholder loans subordinated to senior unsecured debt • Longer dated tenor than the longest dated external debt. Principal repayments only permitted subject to 40% LTV restriction • Interest payments deferrable subject to cash available for distribution after payment of senior debt interest and principal
Dividend Policy	• Excess cash distributed from vehicle via shareholder loan repayments (subject to LTV restriction) or dividends, or retained for developments / acquisitions as required

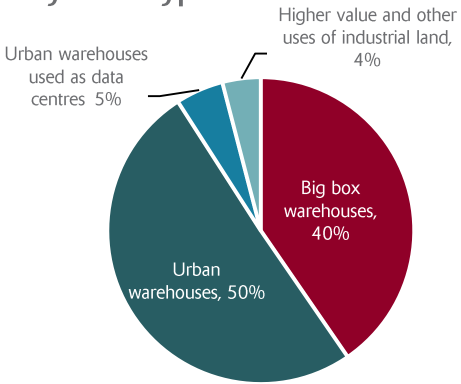
Business overview

- A leading pan-European owner, manager and developer of industrial property
- Portfolio valued at £8.0bn at December 2018 (including proportionate consolidation of 50% SELP JV) – AUM of £9.3bn
- Listed on LSE since 1949; member of FTSE 100 index
- Extensive and long standing European operational network (since 1952)
- Strong market positions with excellent quality industrial assets located in the UK and ten Continental Europe countries
- Conservative leverage policy with <35% look through LTV and Fitch investment grade credit rating (long term BBB+, senior unsecured A-)
- Contracted annualised rental income of £327m and EPRA 'topped-up' net initial yield of 4.8% as at 31 December 2017

By geography[1]



By asset type[1]



Property portfolio metrics (31 December 2017)

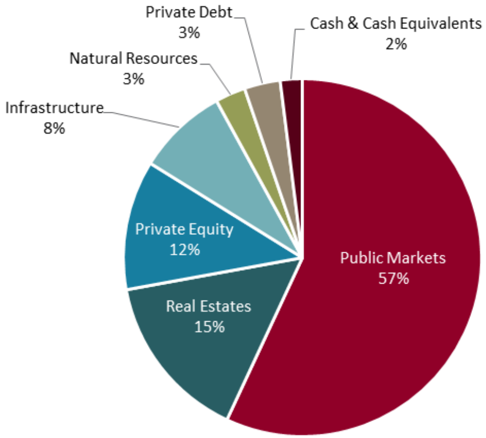
Proportionally Consolidated	Lettable Area (100%) sq m	Portfolio Value (£m) Completed (at share)	Land & Dvpt (at share)	Combined Property Portfolio (at share)
UK				
Greater London	1,061,790	3,022.5	205.1	3,227.6
Thames Valley and National	1,032,194	2,036.2	246.5	2,282.7
UK Total	**2,093,984**	**5,058.7**	**451.6**	**5,510.3**
Continental Europe				
Germany/ Austria	1,215,201	651.4	145.8	797.2
Belgium/Netherlands	282,571	109.2	21.6	130.8
France	1,040,401	558.0	108.4	666.4
Italy/Spain	668,762	332.4	110.8	443.2
Poland	1,226,878	401.0	26.4	427.4
Czech Republic/Hungary	139,668	49.7	13.7	63.4
Continental Europe Total	**4,573,481**	**2,101.7**	**516.4**	**2,528.4**
Group Total	**6,667,465**	**7,160.4**	**880.6**	**8,038.7**

Note
1) By GAV (at 31 December 2017)

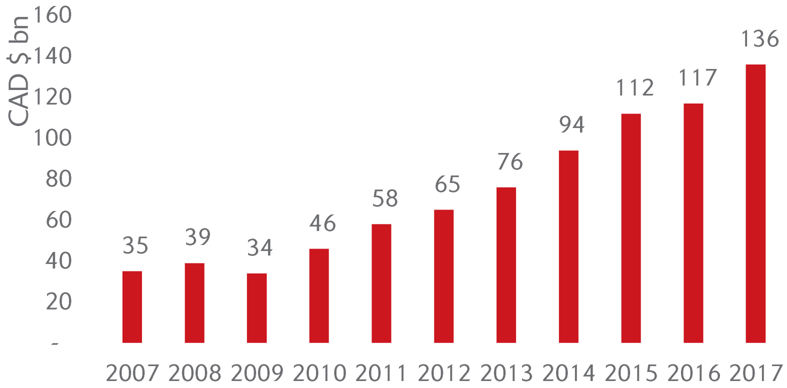
Business overview

- One of Canada's largest pension investment managers, with CAD $136 bn of assets under management as at 31 March 2017
- Incorporated in 1999 as a Crown Corporation, investments fund retirement benefits for the pension plans of the Public Service, the Canadian Forces, the Royal Canadian Mounted Police and the Reserve Force
- Expects net positive inflows until at least 2030
- AAA Rated (DBRS / S&P)

Assets by investment unit



Growth in net assets (consolidated)



Source: www.investpsp.com, as of 31st March 2017

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Forward-looking statements and disclaimer

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