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The materials relating to the issue of the Notes described herein do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the issue of the Notes described herein be made by a licensed broker or dealer and the Managers or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, the issue of the Notes described herein shall be deemed to be made by the Managers or such affiliate on behalf of SEGRO plc (the **Issuer**) in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Managers nor any person who controls them nor any of their respective directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from any Manager.

OFFERING CIRCULAR

SEGRO plc

(incorporated with limited liability in England and Wales with registered number 167591)

£300,000,000 6.750 per cent. Notes due 2021

Issue price: 99.239 per cent.

The £300,000,000 6.750 per cent. Notes due 2021 (the **Notes**) are issued by SEGRO plc (the **Issuer** or the **Company**). Interest on the Notes will be payable semi-annually in arrear on 23 May and 23 November in each year at the rate of 6.750 per cent. per annum, the first payment to be made on 23 May 2010, as described under "*Terms and Conditions of the Notes - Interest*".

The Issuer may, at its option, redeem all or, subject to certain conditions, some only, of the Notes from time to time at the redemption amount described under "*Terms and Conditions of the Notes – Redemption and Purchase*" plus accrued interest. Also, the Issuer may, at its option, redeem all, but not some only, of the Notes at any time at par plus accrued interest, in the event of certain tax changes as described under "*Terms and Conditions of the Notes - Redemption and Purchase*". The Notes mature on 23 November 2021.

Application has been made to the Financial Services Authority in its capacity as competent authority (the **UK Listing Authority**) under the Financial Services and Markets Act 2000 (the **FSMA**) for the Notes to be admitted to the Official List of the UK Listing Authority (the **Official List**) and to London Stock Exchange plc (the **London Stock Exchange**) for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market (the **Market**). The Market is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**).

For a description of certain matters that prospective investors should consider, see "Risk Factors" on page 7.

The Notes are expected, on issue, to be assigned an "A-" rating by Fitch Ratings Ltd. The rating addresses the ability of the Issuer to make timely payments of both principal and interest in respect of the Notes. **A security rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

The Notes will initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or about 23 November 2009 (the **Closing Date**) with a common safekeeper for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**), without interest coupons, on or after 2 January 2010 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances - see "*Summary of Provisions relating to the Notes while represented by the Global Notes*".

Joint Lead Managers

Barclays Capital

HSBC

Co-Lead Managers

Commerzbank

Lloyds TSB Corporate Markets

The date of this Offering Circular is 19 November 2009

This document comprises a prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**) and for the purposes of giving information with regard to the Issuer and the Notes which, according to the particular nature of the Issuer and of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes.

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained or incorporated in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Offering Circular should be read and construed on the basis that such documents are incorporated and form part of the Offering Circular.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Managers (as defined under "*Subscription and Sale*" below). Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or the Issuer and its subsidiaries (together, the **Group**) since the date hereof. This Offering Circular does not constitute an offer of, or an invitation by, or on behalf of, the Issuer or the Managers to subscribe for, or purchase, any of the Notes. This Offering Circular does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

The Managers and Commercial Union Trustees Limited (the **Trustee**) have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers, the Trustee or any of them as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer in connection with the Notes. No Manager or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the offering of the Notes or their distribution.

This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Managers or the Trustee that any recipient of this Offering Circular should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Managers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this document, see "*Subscription and Sale*" below.

The minimum denomination of the Notes shall be £50,000 and integral multiples of £1,000 in excess thereof up to and including £99,000. No definitive Notes will be issued with a denomination above £99,000.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Managers and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Managers or the Trustee which is intended to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States and the United Kingdom, see "*Subscription and Sale*" below.

IN CONNECTION WITH THE ISSUE OF THE NOTES, BARCLAYS BANK PLC AS STABILISING MANAGER (THE STABILISING MANAGER) (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE CLOSING DATE AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

All references in this document to **Sterling** and **£** refer to the currency of the United Kingdom.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published and have been filed with the Financial Services Authority shall be incorporated in, and form part of, this Offering Circular.

- (a) the auditors audit report and audited consolidated and non-consolidated annual financial statements of the Issuer for the financial year ended 31 December 2008, which appear on pages 76 to 116 of the annual report of the Issuer for the year ended 31 December 2008;
- (b) the auditors audit report and audited consolidated and non-consolidated annual financial statements of the Issuer for the financial year ended 31 December 2007, which appear on pages 65 to 128 of the annual report of the Issuer for the year ended 31 December 2007;
- (c) the auditors review report and unaudited interim condensed consolidated financial statements for the six months ended 30 June 2009 of the Issuer, which appear on pages 27 to 44 of the interim report of the Issuer for the six months ended 30 June 2009; and
- (d) the Interim Management Statement of the Issuer in respect of the nine months ended 30 September 2009 dated 5 November 2009.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

RISK FACTORS

*All the information set out in this Offering Circular should be carefully considered, together with the risks normally associated with companies of a similar nature to the Group and, in particular, those risks described below. If any of the following risks actually materialise, the Group's business, financial condition and prospects could be materially and adversely affected to the detriment of the Group. Further risks which are not presently known to the directors of the Issuer (the **Directors**) at the date of this Offering Circular, or that the Directors currently deem immaterial, may also have an effect on the Group's business. The Directors consider the following risks to be the principal risks inherent in investing in the Notes, but the risks listed do not necessarily comprise all those associated with an investment in the Notes.*

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are described below.

Prospective investors should read the detailed information set out elsewhere in this Offering Circular prior to making any investment decision.

Unless otherwise defined herein, terms used in this section shall have the same meaning as in "Terms and Conditions of the Notes" (see below).

RISK FACTORS RELATING TO THE ISSUER

Risks relating to the Issuer may negatively impact its business, results of operations, financial condition and prospects and consequently its ability to fulfil its obligations under Notes issued under this Offering Circular. All of these factors are contingencies which may or may not occur, and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Financial risks

Less favourable credit ratings may affect the ability to raise new finance

The market value of the Notes from time to time is likely to be dependent upon the level of credit rating ascribed to the long-term debt of the Issuer. A credit rating reflects an assessment by the rating agency of the credit risk associated with a particular borrower or particular securities. Credit ratings are not recommendations to buy, sell or hold securities and are subject to revision or withdrawal at any time by the assigning rating agency. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed herein, and other factors that may affect the value of the Notes. Each rating agency may have different criteria for evaluating company risk and, therefore, ratings should be evaluated independently for each rating agency. Lower credit ratings may increase costs of funding, affect the Issuer's ability to raise new funding in the longer term and reduce access to capital markets, particularly in the current financial environment. Any of these factors could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

The Issuer is a holding company that has no revenue generating operations of its own

The Issuer is a holding company and conducts no business operations of its own and has not engaged in any activities other than the holding of ownership interests in its subsidiary undertakings. It therefore depends on revenues generated by its subsidiary undertakings in order for it to be able to make payments on the Notes.

Liquidity risks and capital resources

Liquidity risk is the possibility of being unable to meet all present and future financial obligations as they become due. To mitigate its liquidity risk and augment its capital resources, the Issuer currently

relies on the following forms of financing: liquidity facilities (i.e., committed lines of credit from major banks) and unsecured debt.

The current global economic downturn and serious dislocation of financial markets around the world have caused a number of the world's largest financial and other institutions significant operational and financial difficulties. Such difficulties could inhibit the ability of some banks that currently provide credit facilities to the Issuer to honour their respective pre-existing lending commitments in the longer term and could limit the Issuer's ability to access new funding over the longer term. If, in the longer term, the Issuer is unable to access funding available under its then existing credit facilities, or is unable to access funding through alternative arrangements, it may be unable to meet its financial obligations (including interest payments, loan repayments, operating expenses, development costs and dividends) when they fall due or to raise new funding needed to finance its operations.

Each of these sources of financing could also become unavailable to the Issuer, for example, if a reduction in its credit rating makes the cost of accessing the public and private debt markets prohibitive. Although the Issuer considers that the diversity of its financing helps to protect it from liquidity risk, it could find itself unable to access any or all of these sources of financing at reasonable rates or at all. Any failure by lenders to fulfil their obligations to the Issuer as well as the inability of the Issuer to access new funding in the longer term may impact the Issuer's cash flow and liquidity, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

Covenants and restrictions in credit facilities

If the Issuer and its subsidiaries (together, the **Group**) were to fail to comply with any of the financial covenants in its credit facilities (due, for example, to deterioration in financial performance or further falls in asset valuations), it could result in acceleration of the Group's obligations to repay those borrowings or cancellation of those credit facilities in the longer term.

The Group could be forced to sell assets under potentially unfavourable conditions in order to provide capital to avoid a breach of a financial covenant or default under existing credit facilities. Lenders would also be able to enforce their security over some of the Group's assets and make a demand on any guarantees given in respect of the credit facilities. The occurrence of any of these events could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Interest rates

The Group is exposed to movements in interest rates which affect the amount of interest paid on borrowings and the return on its cash investments. Interest rates on real estate loans are also affected by other factors specific to the UK and European real estate finance and equity markets, such as changes to real estate value and overall liquidity in the real estate debt and equity financial markets.

The Group has policy limits on its mix of fixed and variable rate debt funding with a view to reducing its interest rate exposure. The derivative contracts that the Issuer has entered into, including interest rate swaps, caps, collars, floors and future rate agreements, hedge this exposure to ensure that these policy limits are complied with. The Issuer has elected not to hedge account the fluctuation in value of these contracts caused by movements in market interest rates and therefore, the change in their fair value is taken to the income statement. To the extent that any of the Group's interest rate exposure remains unhedged, adverse movements in interest rates could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Foreign exchange rates

The Group's European investments are valued in euro and it reports its financial results in Pounds Sterling. The Group's covenants in its credit facilities are also expressed in Pounds Sterling. The

Group is therefore exposed to foreign exchange risk caused by fluctuations in the value of the euro when the net income and net assets of those non-UK domiciled operations are translated into Pounds Sterling at each balance sheet date. The Group's approach to managing this risk has been to enter into certain derivative contracts, normally cross-currency swaps and forward sales, to hedge this risk. The effect of this has been to reduce the potential volatility in income and net asset value caused by currency fluctuations. However, one consequence of this is that the Group's debt to equity financial gearing has been and could be further adversely affected by a fall in the value of Pounds Sterling against the euro as the value of euro denominated debt and liabilities increase in Pounds Sterling terms (which is the basis on which the Group's gearing is calculated).

Contracts hedging the Group's net assets are hedge accounted as net investment hedges. The change in the market value of these hedges is, therefore, taken direct to equity reserves. Currency contracts entered into as short term cash flow hedges are matched against equal and opposite hedge positions and the movement in value is taken to the income statement as the valuation movement usually reverses when the matched contract matures.

Operational risks

General

The Issuer faces operational risks from a wide range of areas, including failings or weakness in systems, processes, the supply chain, management oversight and compliance with internal or external controls. Uncontrolled losses could result in disruption, additional costs, a loss of competitive advantage, financial loss, regulatory action and damage to the Group's reputation.

The Issuer's approach to risk management is intended to reduce the risk of such loss. To monitor and manage risk, the Issuer maintains a framework of internal controls designed to provide a sound and well-controlled operational environment.

The Issuer also maintains a range of insurance policies to mitigate the financial impact of certain operational and business risks. Insurance cover is purchased to the extent and limits agreed by the Group. However, the risk remains that the Group may incur liabilities which exceed the limits of such insurance or for uninsured risks.

The Issuer strives to maintain appropriate levels of operational risk relative to its businesses' strategies, its competitive and regulatory environment, and the markets in which it operates.

Nevertheless, notwithstanding these control measures and insurance cover, the Issuer remains exposed to operational risks that could negatively impact its business, results of operations, financial condition and prospects.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Issuer or the Group will be unable to comply with its obligations as a company with securities admitted to the Official List.

Integration risk

The Issuer acquired the entire ordinary share capital of Brixton Plc in August 2009 and it may encounter numerous integration challenges in connection with this acquisition, including challenges which are not yet foreseeable. This integration process may take longer, or be more costly, than expected, or difficulties relating to the integration, of which the Group is not yet aware, may arise. This could adversely affect the implementation of the Group's plans and impact upon the anticipated benefits and combined operational performance.

Regulatory risk

In each of the jurisdictions in which the Group operates, it has to comply with laws, regulations and administrative policies which relate to, among other matters, listing regulations, tax, REITs, financial accounting, planning, developing, building, land use, fire, health and safety, the environment and employment. These regulations often give broad discretion to the administering authorities. Each aspect of the regulatory environment in which the Group operates is subject to change, which may be retrospective, and changes in regulations could affect operational costs, costs of property ownership, the rate of building obsolescence and the value of properties.

Changes in regulations could have an adverse effect on the Issuer's business, results of operations, financial condition and prospects.

Key personnel

The Group's success will depend largely on the expertise of its senior management team and other key personnel. The retention of their services cannot be guaranteed. Key employees, including management team members, are fundamental to the Group's ability to implement its strategy successfully. Competition for senior management and key personnel is high, the pool of qualified candidates is limited and the Group may not be able to retain the services of its senior executives or key personnel, or attract and retain high-quality senior executives or key personnel in the future. If any key personnel leave and carry on any activities competing with the Group, it may lose customers, key professionals and staff members, and legal remedies against such individuals may be limited.

Key suppliers

The Group relies on a number of key suppliers to provide it with a range of services from the development of new properties through to IT services. In the event a key supplier fails to meet its obligations to the Group, this could have a material adverse effect on the Group's reputation and on its business, results of operations, financial condition and prospects.

RISK FACTORS RELATING TO THE ISSUER'S BUSINESS OPERATIONS

General

Real property investments are subject to varying degrees of risk. Rental revenues and property values are affected by changes in the general economic climate and local conditions such as an oversupply of space, a reduction in demand for commercial real estate in an area, competition from other available space, increased operating costs and the relative attractiveness to investors generally of property of that type as an investment. The difficult macroeconomic and property market conditions in many of the markets in which the Group operates may have a negative impact on the Issuer's business. Property markets tend to be cyclical and related to the condition of the economy as a whole. The Group has experienced in the past, is currently experiencing and expects to experience in the future, the negative impact of periods of economic slowdown or recession and corresponding declines in the demand for property in the markets in which it operates. The financial performance of the Issuer's businesses could be further adversely affected by a worsening of general economic conditions globally, but particularly in the UK where the majority of the Issuer's property assets are located.

Rental revenues and property values are also affected by a number of factors including political developments, government regulations and changes in planning and tax laws and practices, interest rate levels, inflation, the availability of financing and the prospective returns from alternative investments. In particular, property values are dependent on current rental values, prospective rental growth, lease lengths, tenant creditworthiness and the valuation yield (which is, in turn, a function of interest rates, the market appetite for property investments in general and with reference to the specific property in question) together with the nature, location and physical condition of the property

concerned. Retail and commercial rentals and values are sensitive to such factors which can sometimes result in rapid, substantial increases and decreases in market rental and valuation levels.

Leasing enquiry activity levels in the commercial property sector have fallen significantly since the start of the financial crisis in late 2007 and these activity levels may decline further. In addition to a fall in the number of leasing enquiries there has been an increase in the time taken to agree terms of leases and it may take even longer, on average, to agree terms of leases in the near future, as well as the need to give more incentives to attract tenants. If the Group is unable to let property at acceptable rents or has to offer even greater incentives, then the value of income and property assets could reduce further.

The Group's decision to hold, buy or sell properties may not deliver the expected returns or may fail to meet value or performance expectations because of the Group's failure to anticipate the market cycle correctly. Buying or selling at the wrong point in the property cycle or in the wrong location could lead to an underperformance of the Group's portfolio.

Any further decline in rental levels or market values may adversely affect the revenues and operations of the Issuer and accordingly its ability to meet its obligations under the Notes.

Real Estate Risks

The Issuer is subject to risks generally affecting interests and investments in, and ownership of, real property, including: changes in general political and economic conditions or in specific industry segments; declines in property values; changes in valuation yields due to relative attractiveness of property as an asset class; variations in supply of and demand for commercial, industrial and retail space (or commercial, industrial and retail space of a particular type); obsolescence of properties; declines in rental or occupancy rates; increases in interest rates; changes in rental terms (including the tenants' responsibility for operating expenses); fluctuations in the availability of financing for the acquisition of properties; changes in governmental rules, regulations and fiscal and other policies; war; terrorism and acts of God (where not covered by insurance); changes to the United Kingdom taxation regime in relation to property, in particular, but not limited to, stamp duty land tax; and other factors which are beyond the control of the Issuer, all of which may affect rental and/or valuation levels and may adversely impact the Issuer's ability to make payments of interest and principal in respect of, *inter alia*, the Notes when due and payable.

Slowdown in general economic conditions, especially in certain business sectors or geographical regions, may adversely affect the Group's income

Most of the Group's properties are industrial and logistics buildings serving a broad range of industries. Therefore, the success of the business is dependent, to a significant degree, on the financial performance of a wide range of industries. Any prolonged economic downturn in the UK and continental Europe (or indeed in the sectors in which the Group's tenants operate) could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Further, a substantial proportion of the Group's properties are located in the UK and many of these are in London and the home counties. Consequently, any downturn in the UK's economy as a whole, or localised downturn in an area with significant assets, could materially adversely affect the Group's business, results of operations, financial condition and prospects particularly as the Group has only limited ability to offset such a downturn through alternative activities.

A significant number of customers may default on contract terms relating to rent payment or pre-let arrangements

In periods of economic slowdown or recession, the Group's tenants may face increased financial pressure that may result in them facing difficulty in paying their rental commitment to the Group.

Consequently some of the Group's tenants may breach contract terms. Such customers may present a specific risk to the Group's business in terms of:

- the Group's ability to collect amounts receivable, because late payment and non-payment of invoices issued by the Group are more likely to occur in unfavourable market conditions;
- renegotiation of payment terms which are unfavourable to the Group;
- a customer defaulting on commitments to occupy a "pre-let" development project, leading to increased vacant building costs and impaired cash flow;
- a defaulting customer vacating its property and the Group incurring additional expenses until the property is re-let. Those expenses could include legal and surveyor's costs in re-letting, maintenance costs, insurance premiums, empty rates and marketing costs; and
- the Group's ability to re-let if a large customer vacates several of the Group's properties simultaneously or vacates a bespoke property.

The failure to collect rent receivables to the anticipated schedule could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Vacancy rates may increase and unfavourable changes in tenancy agreement terms may be sought by tenants

When leases expire, the Group may be unable to renew the leases or find new tenants quickly or at all or at rents equal to those under the expiring leases or on equally favourable terms. While properties remain vacant they will incur empty rates liabilities, the potential cost of which has increased following the abolition of empty rates relief on unoccupied industrial property in the UK.

In particular:

- vacancy rates could increase in the current economic environment;
- existing and potential tenants may seek to reduce their rental payments;
- the weighted average lease length to break (or expiry) may become shorter; and
- the Group may need to offer increased levels of incentives to new tenants – for example, increased rent-free periods or a higher grade of fit-out.

If the actual rental level on the Group's new developments decreases, or existing tenants do not renew their lease agreements, or the Group is unable to find replacement tenants in time after the expiration of existing tenancies, or the terms on which the Group agrees renewals or new leases become less favourable, the Group's business, results of operations, financial condition and prospects could be materially and adversely affected.

General Environmental Considerations

The Group, as owner or occupier of real property, is subject to a variety of laws and regulations concerning the protection of health and the environment. This includes environmental laws and regulations that can impose liability for cleaning up contaminated land, watercourses or groundwater. For those properties located in the United Kingdom, local legislation and regulations extend such liability to any person who causes or knowingly permits such contamination. For those properties situated outside the United Kingdom, local legislation and regulations may apply different thresholds and tests for such liability.

In the ordinary course of business, therefore, and in connection with past and future acquisitions, the Group (as owner or occupier of real property) may be, or become, responsible for the costs of removal, investigation or remediation of any hazardous or toxic substances that are located on or in a property, or that are migrating to or have migrated from a property owned or occupied by it.

The costs of any such required removal, investigation or remediation of such substances may be substantial regardless of whether a member of the Group originally caused the contamination. The presence of such substances, or the failure to remedy the situation properly, may also adversely affect the value of the real estate or the Group's ability to sell, let or develop the properties or to borrow using the real estate as security.

In relation to previous acquisitions, and future acquisitions, while the Group may have obtained, and will seek, indemnities relating to environmental liabilities in any purchase agreement (particularly where any specific environmental liability risks may have been identified), it may not be possible for the Group to recover under such indemnities the full costs or losses that it may incur or suffer.

Liability for any of these environmental risks could be significant and might adversely impact the business and operations of the Issuer which, in turn, might result in the Issuer having insufficient funds available to it to pay in full all amounts due in respect of the Notes.

Development Risks

The Slough Trading Estate comprises over 500 properties and accounts for a significant part of the Group's property portfolio by value and revenue. The Group has created a major redevelopment plan for this estate which makes a number of assumptions, including those associated with the future customer demand for various types of property, development costs, future rental incomes, the granting of development permissions and the ability of the Group to complete the development to a specified timetable. If conditions change in the Group, or externally, and these assumptions are no longer reasonable, then the business case, income and asset values anticipated may not be met which could have a material effect on the Group's business, results of operations, financial condition and prospects.

RISK FACTORS RELATING TO THE NOTES

Set out below is a description of risks relating to the Notes generally:

General

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should: have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement; have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio; have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency; understand thoroughly the terms of the Notes and be familiar with the financial markets; and be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Absence of Prior Public Markets

The Notes constitute a new issue of securities by the Issuer. Prior to the issue, there will have been no public market for the Notes. Although an application has been made for the Notes to be admitted to trading on the Market, there can be no assurance that an active public market for the Notes will develop and, if such a market were to develop, none of the Managers (as defined in "*Subscription and*

Sale") and any other person is under any obligation to maintain such a market. The liquidity and the market prices of the Notes can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer and the Group and other factors that generally influence the market prices of securities.

Liquidity Risks

The Notes may not have an established trading market when issued. There can be no assurance of a secondary market for the Notes or the continued liquidity of such market if one develops.

The development or continued liquidity of any secondary market for the Notes will be affected by a number of factors such as the creditworthiness of the Issuer, as well as other factors such as the time remaining to the maturity of the Notes, the outstanding amount of the Notes and the redemption features of the Notes. Such factors also will affect the market value of the Notes.

Investors may not be able to sell Notes readily or at prices that will enable investors to realise their anticipated yield. No investor should purchase Notes unless the investor understands and is able to bear the risk that certain Notes will not be readily sellable, that the value of Notes will fluctuate over time and that such fluctuations might be significant.

Modification, Waivers and Substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) the substitution of a wholly owned subsidiary of the Issuer as principal debtor under any Notes in place of the Issuer, in the circumstances, and subject to the Conditions, described in Condition 13 of the Terms and Conditions of the Notes.

Tax Consequences

Potential investors should consider the tax consequences of investing in the Notes and consult their own tax advisers in light of their personal situations.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Belgium will move to a provision of information system (rather than a withholding system) from 1 January 2010. A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of the

proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Regulatory Restrictions

Investors whose investment activities are subject to investment laws and regulations or to review or regulation by certain authorities may be subject to restrictions on investments in certain types of debt securities. Investors should review and consider such restrictions prior to investing in the Notes.

Change of Law

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

Interest Rate Risks

Investment in the Notes (being fixed rate instruments) involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Notes subject to Optional Redemption by the Issuer

The optional redemption feature of the Notes may limit their market value. The Issuer may elect to redeem Notes pursuant to its rights under the Terms and Conditions of the Notes at any time and any such redemption shall be at the Redemption Amount (as defined in Condition 6.3 of the Terms and Conditions of the Notes). The market value of the Notes generally will not rise substantially above the price at which they can be redeemed. It may not be possible for an investor to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes and this may only be possible at a significantly lower rate.

Redemption Prior to Maturity for Tax Reasons

If the Issuer would be obliged to increase the amounts payable in respect of the Notes due to any change in or amendment to the laws or regulations of the United Kingdom or any political sub-division thereof or of any authority therein or thereof having the power to tax or in the interpretation or administration thereof, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions of the Notes. It may not be possible for an investor to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes and this may only be possible at a significantly lower rate.

Integral Multiples of less than £50,000

The Notes have denominations consisting of a minimum of £50,000 plus one or more higher integral multiples of £1,000. It is possible that the Notes may be traded in amounts that are not integral multiples of £50,000. In such case a holder who, as a result of trading such amounts, holds an amount which is less than £50,000 in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to £50,000.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of £50,000 may be illiquid and difficult to trade.

Eligibility of the Notes for Eurosystem Monetary Policy

The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are upon issue deposited with one of the international central securities depositories (ICSDs) as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem (**Eurosystem Eligible Collateral**) either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and other obligations (including the provision of further information) as specified by the European Central Bank from time to time. The Issuer does not give any representation, warranty, confirmation or guarantee to any investor in the Notes that the Notes will, either upon issue, or at any or all times during their life, satisfy all or any requirements for Eurosystem eligibility and be recognised as Eurosystem Eligible Collateral. Any potential investor in the Notes should make their own conclusions and seek their own advice with respect to whether or not Notes constitute Eurosystem Eligible Collateral.

European Monetary Union

If the United Kingdom joins the European Monetary Union prior to the maturity of the Notes, there is no assurance that this would not adversely affect investors in the Notes. It is possible that, prior to the maturity of the Notes, the United Kingdom may become a participating Member State and that the euro may become the lawful currency of the United Kingdom. In that event (i) all amounts payable in respect of any Notes, which are denominated in Sterling, may become payable in euros and (ii) the law may allow or require such Notes to be re-denominated into euros and additional measures to be taken in respect of such Notes. The introduction of the euro could also be accompanied by a volatile interest rate environment, which could adversely affect investors in the Notes.

Exchange Rate Risk and Exchange Controls

The Issuer will pay principal and interest on the Notes in Sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than Sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of Sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Sterling would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to modification) will be endorsed on each Note in definitive form (if issued):

The £300,000,000 6.750 per cent. Notes due 2021 (the **Notes**, which expression shall in these Terms and Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 15 and forming a single series with the Notes) of SEGRO plc (the **Company**) (formerly Slough Estates plc) are constituted by a sixteenth supplemental trust deed dated 23 November 2009 (the **Sixteenth Supplemental Trust Deed**) between the Company and Commercial Union Trustees Limited (the **Trustee**, which expression shall include its successors as trustee under the Trust Deed (as defined below)) as trustee for the holders of the Notes (the **Noteholders**) and the holders of the interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons** respectively) supplemental to the trust deed dated 14 July 1992 (the **Principal Trust Deed**) made between the same parties and constituting £100,000,000 11.625 per cent. Bonds due 2012 of the Company (the **2012 Bonds**), the first supplemental trust deed dated 3 May 1995 (the **First Supplemental Trust Deed**) made between the same parties and constituting £100,000,000 10 per cent. Bonds due 2017 of the Company (the **2017 Bonds**), the second supplemental trust deed dated 17 February 1998 (the **Second Supplemental Trust Deed**) made between the same parties and constituting £125,000,000 7.125 per cent. Notes due 2010 of the Company (the **2010 Notes**), the third supplemental trust deed dated 5 February 1999 (the **Third Supplemental Trust Deed**) made between the same parties and constituting £150,000,000 6.25 per cent. Notes due 2015 of the Company (the **2015 Notes**), the fourth supplemental trust deed dated 23 February 2000 (the **Fourth Supplemental Trust Deed**) made between the same parties and constituting £225,000,000 6.75 per cent. Notes due 2024 of the Company (the **2024 Notes**), the fifth supplemental trust deed dated 14 March 2001 (the **Fifth Supplemental Trust Deed**) made between the same parties and constituting £150,000,000 7 per cent. Notes due 2022 of the Company (the **2022 Notes**), the sixth supplemental trust deed dated 9 June 2005 (the **Sixth Supplemental Trust Deed**) made between the same parties and modifying the Conditions of the 2012 Bonds, the seventh supplemental trust deed dated 9 June 2005 (the **Seventh Supplemental Trust Deed**) made between the same parties and modifying the Conditions of the 2017 Bonds, the eighth supplemental trust deed dated 20 June 2005 (the **Eighth Supplemental Trust Deed**) made between the same parties and constituting £200,000,000 5.50 per cent. Notes due 2018 of the Company, the ninth supplemental trust deed dated 20 June 2005 (the **Ninth Supplemental Trust Deed**) made between the same parties and constituting £100,000,000 5.75 per cent. Notes due 2035 of the Company, the tenth supplemental trust deed dated 21 October 2005 (the **Tenth Supplemental Trust Deed**) made between the same parties modifying the Conditions of the 2010 Notes, the eleventh supplemental trust deed dated 21 October 2005 (the **Eleventh Supplemental Trust Deed**) made between the same parties and modifying the Conditions of the 2015 Notes, the twelfth supplemental trust deed dated 21 October 2005 (the **Twelfth Supplemental Trust Deed**) made between the same parties and modifying the Conditions of the 2024 Notes, the thirteenth supplemental trust deed dated 21 October 2005 (the **Thirteenth Supplemental Trust Deed**) made between the same parties and modifying the Conditions of the 2022 Notes, the fourteenth supplemental trust deed dated 7 December 2005 (the **Fourteenth Supplemental Trust Deed**) made between the same parties and constituting £250,000,000 5.625 per cent. Notes due 2020 of the Company and the fifteenth supplemental trust deed dated 14 December 2005 (the **Fifteenth Supplemental Trust Deed**) made between the same parties and constituting £100,000,000 5.75 per cent. Notes due 2035 of the Company which are consolidated and form a single series with the £100,000,000 5.75 per cent. Notes due 2035 issued by the Company on 20 June 2005. The Principal Trust Deed, the First Supplemental Trust Deed, the Second Supplemental Trust Deed, the Third Supplemental Trust Deed, the Fourth Supplemental Trust Deed, the Fifth Supplemental Trust Deed, the Sixth Supplemental Trust Deed, the Seventh Supplemental Trust Deed, the Eighth Supplemental Trust Deed, the Ninth Supplemental Trust Deed, the Tenth Supplemental Trust Deed, the Eleventh Supplemental Trust Deed, the Twelfth Supplemental Trust Deed, the Thirteenth Supplemental Trust Deed, the Fourteenth Supplemental Trust Deed, the Fifteenth Supplemental Trust Deed and the Sixteenth Supplemental Trust Deed are hereinafter together referred to as the **Trust Deed**.

The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Paying Agency Agreement dated 23 November 2009 (the **Agency Agreement**) made between the Company, the initial Paying Agents and the Trustee are available for inspection during normal business hours by the Noteholders and the Couponholders at the principal office for the time being of the Trustee, being at the date of issue of the Notes at St. Helen's, 1 Undershaft, London EC3P 3DQ, and at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are in bearer form, serially numbered, with Coupons attached on issue, in denominations of £50,000 and integral multiples of £1,000 in excess thereof up to and including £99,000. No definitive Notes will be issued with a denomination above £99,000.

1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

1.3 Holder Absolute Owner

The Company, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

2. STATUS

The Notes and the Coupons are direct, unconditional and unsecured obligations of the Company and rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Company, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

3. COVENANTS

The Company will procure that so long as any of the Notes remains outstanding (as defined in the Trust Deed):

- (a) the aggregate principal amount (together with any fixed or minimum premium payable on final repayment) for the time being outstanding of all Net Borrowings (as defined in the Trust Deed) of the Company and the Subsidiaries (as defined in the Trust Deed) (excluding borrowings by the Company from a Subsidiary or by a Subsidiary from the Company or another Subsidiary) shall not exceed a sum equal to 175 per cent. of the Adjusted Capital and Reserves (as defined in the Trust Deed); and
- (b) the aggregate principal amount (together with any fixed or minimum premium payable on final repayment) for the time being outstanding of (a) all Secured Borrowings (as defined in the Trust Deed) of the Company and the Subsidiaries and (b) all Borrowings which are not Secured Borrowings of Subsidiaries which are not or do not become Guarantor Subsidiaries (as defined in the Trust Deed) (excluding borrowings by a Subsidiary from the Company or another Subsidiary) shall not exceed a sum

equal to 50 per cent. of the Adjusted Capital and Reserves. Subject to the Trustee being satisfied as to the legal validity of the guarantee of the Notes given by such Subsidiary, the Company can procure, at any time, that any Subsidiary becomes a Guarantor Subsidiary without the consent of the Noteholders or Couponholders.

4. INTEREST

4.1 Interest Rate and Interest Payment Dates

The Notes bear interest from and including 23 November 2009 at the rate of 6.750 per cent. per annum, payable semi-annually in arrear on 23 May and 23 November in each year (each an **Interest Payment Date**). The first payment of interest shall amount to £33.75 per £1,000 in principal amount of the Notes and shall be made on 23 May 2010.

4.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Trust Deed.

4.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a half-year, it shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the **Accrual Date**) to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date multiplied by two.

5. PAYMENTS

5.1 Payments in respect of Notes

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

5.2 Method of Payment

Payments will be made by credit or transfer to an account in Sterling maintained by the payee with or, at the option of the payee, by a cheque in Sterling drawn on a bank in London.

5.3 Missing Unmatured Coupons

Each Note should be presented for payment together with all relevant unmatured Coupons, failing which the full amount of any relevant missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 8) or, if later, five years after the date on which the Coupon would have become due, but not thereafter.

5.4 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 7.

5.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4, be entitled to any further interest or other payment if a Presentation Date is after the due date.

Presentation Date means a day which (subject to Condition 8):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a Sterling account in London as referred to above, is a Business Day in London.

In these Terms and Conditions, **Business Day** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place.

5.6 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Terms and Conditions. The Company reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city which, so long as the Notes are admitted to listing on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange's Regulated Market, shall be London or such other place as the UK Listing Authority may approve;
- (c) the Company undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (d) there will at all times be a Paying Agent in a jurisdiction within continental Europe.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Company in accordance with Condition 12.

6. REDEMPTION AND PURCHASE

6.1 Redemption at Maturity

Unless previously redeemed or purchased as provided below, the Company will redeem the Notes at their principal amount on 23 November 2021.

6.2 Redemption for Taxation Reasons

If the Company satisfies the Trustee immediately before the giving of the notice referred to below that:

- (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 7), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 19 November 2009, on the next Interest Payment Date the Company would be required to pay additional amounts as provided or referred to in Condition 7; and
- (b) the requirement cannot be avoided by the Company taking reasonable measures available to it,

the Company may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be required to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Company shall deliver to the Trustee a certificate signed by two directors of the Company (**Directors**) stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Company taking reasonable measures available to it, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

6.3 Redemption at the Option of the Company

The Company may, having given:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 12; and
- (b) notice to the Trustee and the Principal Paying Agent not less than 15 days before the giving of the notice referred to in (a),

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all of the Notes or, subject as provided in paragraph 6.4 below, from time to time some only at their Redemption Amount together with interest accrued to the date of redemption.

Prior to giving any notice of redemption under this Condition, the Company shall provide to the Trustee a certificate signed by two Directors that it will have the funds, not subject to any interest of any other person, required to redeem the Notes as aforesaid on the relevant redemption date.

In these Terms and Conditions **Redemption Amount** means an amount equal to the principal amount of the relevant Notes to be redeemed multiplied by the Redemption Percentage (as defined below) (rounding the resulting figure to the nearest penny, half a penny being rounded upwards), together with interest accrued on the relevant Notes to but excluding the date of redemption.

For the purposes of this Condition:

Redemption Percentage means the greater of:

- (i) 100 per cent.; and
- (ii) that price (expressed as a percentage) (as reported in writing to the Company and the Trustee by a financial adviser nominated by the Company and approved by the Trustee) (and rounded to three decimal places (0.0005 being rounded upwards)) at which the Gross Redemption Yield (determined by reference to the mid-market price) on the Notes on the Relevant Date is equal to the Redemption Rate;

Gross Redemption Yield on the Notes and on the Relevant EIB Bonds will be expressed as a percentage and will be calculated on the basis indicated by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields" page 4, Section one: Price/Yield Formulae "Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published 8 June 1998) or on such other basis as the Trustee may approve;

Redemption Rate means the Relevant EIB Redemption Rate;

Relevant Date means the date which is two Business Days prior to the publication or dispatch of the notice of redemption under this Condition;

Relevant EIB Bonds means such sterling bonds of the European Investment Bank (or any successor thereto) as the Trustee (with the advice of an investment bank as may be approved by the Trustee) and the Company may determine (failing such determination, as determined by the Trustee with such advice) to be a benchmark bond, the duration of which most closely matches the then duration of the Notes, as calculated by or on behalf of the Trustee; and

Relevant EIB Redemption Rate means the Gross Redemption Yield (determined by reference to the mid-market price) of the Relevant EIB Bonds provided that, if for any reason the Relevant EIB Redemption Rate is not capable of determination as aforesaid, then the Relevant EIB Redemption Rate shall be such rate as shall be determined by a financial adviser (nominated by the Company and approved by the Trustee) to be appropriate.

6.4 Provisions relating to Partial Redemption

In the case of a partial redemption of Notes, Notes to be redeemed will be selected, in such place as the Trustee may approve and in such manner as the Trustee may deem appropriate and fair, not more than 30 days before the date fixed for redemption. Notice of any such selection will be given not less than 15 days before the date fixed for redemption. Each notice will specify the date fixed for redemption and the aggregate principal amount of the Notes to be redeemed, the serial numbers of the Notes called for redemption, the serial numbers of Notes previously called for redemption and not presented for payment and the aggregate principal amount of the Notes which will be outstanding after the partial redemption.

6.5 Redemption at the Option of the Holders

If at any time while any of the Notes remains outstanding a Restructuring Event is deemed to occur and within the Restructuring Period:

- (a) (if at the time that Restructuring Event is deemed to have occurred there are Rated Securities or the Company has a corporate Rating) a Rating Downgrade in respect of that Restructuring Event occurs or is deemed to occur and such Rating Downgrade has not been cured prior to the expiry of the Restructuring Period; or

- (b) (if at such time there are no Rated Securities and the Company does not have a corporate Rating) a Negative Rating Event in respect of that Restructuring Event is deemed to occur,

(such Restructuring Event and, where applicable, Rating Downgrade or Negative Rating Event, as the case may be, occurring within the Restructuring Period and, in the case of a Rating Downgrade, not having been cured prior to the expiry of the Restructuring Period, together called a **Put Event**) the holder of each Note will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Company gives any of the notices referred to in paragraph 6.2 or 6.3 in respect of the Note) to require the Company to redeem or, at the Company's option, purchase (or procure the purchase of) that Note on the Optional Redemption Date (as defined below) at its principal amount (the **Optional Redemption Amount**) together with (or, where purchased, together with an amount equal to) interest accrued to but excluding the Optional Redemption Date.

Promptly upon the Company becoming aware that a Put Event has occurred, the Company shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of a least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders the Trustee shall (subject in each case to being indemnified and/or secured to its satisfaction), give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 12 and to the Paying Agents specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition.

To exercise the option to require redemption or, as the case may be, purchase of a Note under this Condition, the holder of the Note must deliver such Note, on any Business Day (in the place of the specified office of the Paying Agent at which the Note is delivered) falling within the period (the **Put Period**) of 30 days after a Put Event Notice is given, at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a **Put Notice**) and in which the holder may specify a bank account to which payment is to be made under this Condition.

The Notes should be delivered together with all Coupons appertaining thereto maturing after the date (the **Optional Redemption Date**) seven days after the expiry of the Put Period, failing which the face amount of any missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the face amount of such missing unmatured Coupons which the sum of principal so paid bears to the total principal amount due) shall be deducted from the sum due for payment. Each amount of principal so deducted shall be paid in the manner mentioned in Condition 5 against surrender (or, in the case of part payment only, endorsement) of the relevant missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 8) or, if later, five years from the date on which the Coupon would have become due, but not thereafter.

The Paying Agent to which such Note, Put Notice and Coupons (if any) are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specifies a bank account in the Put Notice to which payment is to be made, on the Optional Redemption Date by transfer to that bank account and, in every other case, on or after the Optional Redemption Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. For the purposes of these Terms and Conditions and the Trust Deed, receipts issued pursuant to this Condition shall be treated as if they were Notes. The Company shall redeem or, at the option of the Company, purchase (or procure the purchase of) the relevant Notes on the Optional Redemption Date unless previously redeemed or purchased.

Any Put Notice, once given, shall be irrevocable except where prior to the Optional Redemption Date an Event of Default shall have occurred and the Trustee shall have accelerated the Notes, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Put Notice and instead to treat its Notes as being forthwith due and payable pursuant to Condition 9.

If 90 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 6.5, the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days' after the Optional Redemption Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

If the rating designations employed by any of Moody's, Fitch or S&P are changed from those which are described in the definition of "**Rating Downgrade**" below, or if a rating is procured from a Substitute Rating Agency, the Company shall determine, with the agreement of the Trustee, the rating designations of Moody's, Fitch or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's, Fitch or S&P and this Condition 6.5 shall be construed accordingly.

For the purposes of this Condition:

A **Negative Rating Event** shall be deemed to have occurred if (i) the Company does not on or before the 21st day after the relevant Restructuring Event, seek, and thereafter throughout the Restructuring Period use all reasonable endeavours to obtain, a Rating of the Notes or a corporate Rating or at the Company's sole discretion a Rating of any Relevant Debt or (ii) if it does so seek and use such endeavours, it has not at the expiry of the Restructuring Period and as a result of such Restructuring Event obtained such a Rating of at least investment grade (BBB- (in the case of S&P), Baa3 (in the case of Moody's) or BBB- (in the case of Fitch), or their respective equivalents for the time being), provided that a Negative Rating Event shall be deemed not to have occurred in respect of a particular Restructuring Event if (i) two Directors certify to the Trustee that they have used all reasonable endeavours to obtain an investment grade Rating of the Notes, the Company or any Relevant Debt within the Restructuring Period and the failure so to obtain such a Rating is, in their opinion, unconnected with the Restructuring Event; and (ii) the Rating Agency declining to assign a Rating of at least investment grade (as defined above) does not announce or publicly confirm or, having been so requested by the Company, inform the Company or the Trustee in writing that its declining to assign a Rating of at least investment grade was the result, in whole or in part, of the applicable Restructuring Event (whether or not the Restructuring Event shall have occurred at the time such investment grade rating is declined);

Rated Securities means the Notes so long as they shall have an effective Rating and otherwise any Relevant Debt which has a Rating.

Rating means a rating provided by a Rating Agency at the invitation of the Company.

Rating Agency means Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. and its successors (**S&P**) or Moody's Investors Service, Inc. and its successors (**Moody's**) or Fitch Ratings Ltd and its successors (**Fitch**) or any other rating agency of equivalent standing specified by the Company from time to time in writing to the Trustee (a **Substitute Rating Agency**);

A **Rating Downgrade** shall be deemed to have occurred in respect of a Restructuring Event if the then current Rating of the Notes or any Relevant Debt or corporate Rating of the Company provided that if at the time of the occurrence of the Restructuring Event the Notes or any Relevant Debt carry a credit rating from more than one Rating Agency at least one of which is

investment grade then sub-paragraph (ii) below will apply (i) is withdrawn and is not within the Restructuring Period replaced by a Rating of the relevant Rating Agency or of another Rating Agency at least equivalent to that which was current immediately before the occurrence of the Restructuring Event or (ii) is reduced from an investment grade rating (BBB- (in the case of S&P), Baa3 (in the case of Moody's) or BBB- (in the case of Fitch) (or their respective equivalents for the time being) or better) to a non-investment grade rating (BB+ (in the case of S&P), Ba1 (in the case of Moody's) or BB+ (in the case of Fitch) (or their respective equivalents for the time being) or worse) (a **Non-Investment Grade Rating**) or (iii) (if the relevant Rating Agency shall have already given a Rating for the Rated Securities, or if there are no Rated Securities and the Company has a corporate Rating which is a Non-Investment Grade Rating) is lowered one full rating category (from BB+ to BB or such similar lowering or equivalent ratings); provided that a Rating Downgrade otherwise arising by virtue of a particular reduction in Rating shall be deemed not to have occurred in respect of a particular Restructuring Event if (A) two Directors certify to the Trustee that the withdrawal or reduction in the Rating is, in their opinion, unconnected with the Restructuring Event and (B) the Rating Agency making the withdrawal or reduction or lowering in Rating to which this definition would otherwise apply does not announce or publicly confirm or, having been so requested by the Company, inform the Company or the Trustee in writing that the withdrawal, reduction or lowering was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Restructuring Event (whether or not the applicable Restructuring Event shall have occurred at the time of the Rating Downgrade);

Relevant Announcement Date means the earlier of (i) the date of the first public announcement of the relevant Restructuring Event and (ii) the date of the earliest Relevant Potential Restructuring Event Announcement (if any);

Relevant Debt means any unsecured and unsubordinated debt securities of the Company (or any Subsidiary of the Company which is guaranteed on an unsecured and unsubordinated basis by the Company) having an initial maturity of five years or more;

Relevant Potential Restructuring Event Announcement means any public announcement or statement by or on behalf of the Company, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Restructuring Event where within 180 days' following the date of such announcement or statement, a Restructuring Event occurs;

A **Restructuring Event** shall be deemed to have occurred at each time (whether or not approved by the Board of Directors) that any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Company, or any persons acting on behalf of any such persons(s), at any time is/are or become(s) interested (within the meaning of Part 22 of the Companies Act 2006) in (i) more than 50 per cent. of the issued or allotted ordinary share capital of the Company or (ii) such number of shares in the capital of the Company carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Company; and

Restructuring Period means the period commencing on the Relevant Announcement Date and ending 180 days after the public announcement of the Restructuring Event.

The Trust Deed provides that the Trustee is under no obligation to ascertain whether a Restructuring Event, a Negative Rating Event, a Rating Downgrade or any event which could lead to the occurrence of or could constitute a Restructuring Event has occurred and until it shall have actual knowledge or express notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Restructuring Event, Negative Rating Event, Rating Downgrade or other such event has occurred.

6.6 Purchases

The Company or any of its Subsidiaries (as defined above) may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price.

6.7 Cancellations

All Notes which are redeemed will forthwith be cancelled, together with all relevant unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be held, reissued or resold. Notes purchased by the Company or any of its Subsidiaries may be held, reissued or resold or surrendered for cancellation.

6.8 Notices Final

Upon the expiry of any notice as is referred to in paragraph 6.2, 6.3 or 6.5 above the Company shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph (in the case of paragraph 6.5 above, save as otherwise provided therein).

7. TAXATION

7.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Company shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Company will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (a) presented for payment by or on behalf of, a holder who is liable to the Taxes in respect of the Note or Coupon by reason of his or her having some connection with the Relevant Jurisdiction other than the mere holding of the Note or Coupon; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or
- (d) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Presentation Date (as defined in Condition 5).

7.2 Interpretation

In these Terms and Conditions:

- (a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Company in accordance with Condition 12; and
- (b) **Relevant Jurisdiction** means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax.

7.3 Additional Amounts

Any reference in these Terms and Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

8. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within periods of 10 years (in the case of principal and premium) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 5 and Condition 6.

9. EVENTS OF DEFAULT

9.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), (other than in respect of the events described in subparagraphs (a) and (b) below, only if the Trustee shall have certified in writing to the Company that such event is, in its opinion, materially prejudicial to the interests of the Noteholders) give notice to the Company that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, in any of the following events (**Events of Default**):

- (a) if default is made in the payment of any principal or premium or, in the case of Condition 6.5, if applicable, purchase price in respect of any of the Notes and such default continues for a period of seven days or more; or
- (b) if default is made in the payment of any interest due on the Notes or any of them and such default continues for a period of 14 days or more; or
- (c) if the Company fails to perform or observe any of its other obligations under the Notes or the Trust Deed and (except where the Trustee considers such failure to be incapable of remedy when no such continuation and notice as is hereinafter mentioned will be required) such failure continues for the period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Company of notice requiring the same to be remedied; or

- (d) if any loan or other indebtedness for borrowed money (as defined in the Trust Deed) of the Company or any Principal Subsidiary in an aggregate principal amount of not less than £5,000,000 (or its equivalent in any other currency) becomes due and repayable prematurely by reason of an event of default (howsoever described) in relation thereto or the Company or any Principal Subsidiary fails to make any payment of an amount of not less than £5,000,000 (or its equivalent in any other currency) in respect thereof on the due date for such payment as extended by any applicable grace period (as provided for in the document evidencing such indebtedness) or if any guarantee or indemnity given by the Company or any Principal Subsidiary in respect of any loan or other indebtedness for borrowed money in an amount of not less than £5,000,000 (or its equivalent in any other currency) is not honoured when due and called upon or if the security for any such first-mentioned loan or other indebtedness for borrowed money or any such guarantee or indemnity becomes enforceable and steps are taken to enforce the same; or
- (e) if any order shall be made by any competent court or resolution passed for the winding up or dissolution of the Company, save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms approved by the Trustee; or
- (f) if any order shall be made by any competent court or a resolution passed for the winding up or dissolution of a Principal Subsidiary, save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement (not involving or arising out of the insolvency of such Principal Subsidiary) under which all the assets of the Principal Subsidiary are transferred to the Company or any of the other Subsidiaries or the terms of which have been approved by the Trustee; or
- (g) if the Company or any Principal Subsidiary shall cease to carry on the whole or a substantial part of its business, save in the case of a Principal Subsidiary for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangements (not involving or arising out of the insolvency of such Principal Subsidiary) under which all the assets of the Principal Subsidiary are transferred to the Company or any of the other Subsidiaries or the terms of which have been approved by the Trustee, or if the Company or any Principal Subsidiary shall suspend payment of its debts generally or shall be unable to, or shall admit inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent by any competent court, or shall enter into any composition or other similar arrangement with its creditors generally; or
- (h) if an administrative or other receiver, or an administrator or other similar official, shall be appointed in relation to the Company or any Principal Subsidiary or in relation to the whole or a substantial part of the assets of any of them or a distress, execution or other process shall be levied or enforced upon or sued out against, or an encumbrancer shall take possession of, the whole or a substantial part of the assets of any of them and in any of the foregoing cases it or he shall not be discharged within 14 days.

9.2 Interpretation

For the purposes of this Condition:

a **Principal Subsidiary** means a Subsidiary the book value of whose tangible assets (as shown by the then most recent audited balance sheet of such Subsidiary and attributable to the Company) constitutes five per cent. or more of the book value of the tangible assets of the Company and the Subsidiaries (as shown by the then most recent audited consolidated balance sheet of the Company and the Subsidiaries) provided that, if a Subsidiary itself has subsidiaries and produces in respect of any year an audited consolidated balance sheet of such Subsidiary

and its subsidiaries, the reference above to tangible assets of such Subsidiary shall be construed as a reference to tangible assets of such Subsidiary and its consolidated subsidiaries and the reference to the then most recent audited balance sheet of such Subsidiary shall be construed as a reference to the then most recent audited consolidated balance sheet of such Subsidiary and its consolidated subsidiaries (all as more particularly described in the Trust Deed).

9.3 Reports

A report by two Directors whether or not addressed to the Trustee that in their opinion a Subsidiary of the Company is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

10. ENFORCEMENT

10.1 Enforcement by the Trustee

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Company as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (a) it has been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding and (b) it has been indemnified and/or secured and/or prefunded to its satisfaction.

10.2 Enforcement by the Noteholders

No Noteholder or Couponholder shall be entitled to proceed directly against the Company unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

11. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Company may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. NOTICES

12.1 Notices to the Noteholders

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London or such other English language daily newspaper with general circulation in Europe as the Trustee may approve. It is expected that publication will normally be made in the *Financial Times*. The Company shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or the relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may

approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this paragraph.

12.2 Notices from the Noteholders

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relevant Note or Notes, with the Principal Paying Agent or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

13. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Terms and Conditions or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented except that at any meeting, the business of which includes the modification of certain of these Terms and Conditions and certain provisions of the Trust Deed (as more particularly by described in the Trust Deed), the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than three-quarters, or at any adjourned such meeting not less than a clear majority, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they are present at the meeting and whether or not they vote in favour, and on all Couponholders.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification (subject to certain exceptions) of, or to the waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions or any of the provisions of the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or to any modification which is to correct a manifest error.

The Trustee may also agree, subject to the relevant provisions of the Trust Deed and to such other conditions (if any) as the Trustee may require but without the consent of the Noteholders or the Couponholders (i) to the substitution of a wholly-owned Subsidiary in place of the Company as principal debtor under the Trust Deed, the Notes and the Coupons subject to the Company unconditionally and irrevocably guaranteeing that Subsidiary's obligations as such principal debtor by a document in such form and substance as the Trustee may require and/or (ii) to the substitution of any successor company (as defined in the Trust Deed) of the Company in place of the Company.

In connection with any such modification, waiver, authorisation or substitution, the Trustee shall not have regard to the tax or other consequences thereof for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory.

Any such modification, waiver, authorisation or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any such modification or substitution shall be notified to the Noteholders in accordance with Condition 12 as soon as practicable thereafter.

14. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE COMPANY

14.1 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

14.2 Trustee Contracting with the Company

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Company and/or any of the Company's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Company and/or any of the Company's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

15. FURTHER ISSUES

The Company is at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Company may determine at the time of the issue. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

16. GOVERNING LAW AND SUBMISSION TO JURISDICTION

The Trust Deed, the Notes, the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and the Coupons are governed by, and will be construed in accordance with, English law.

17. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

*The Notes will be represented initially by a single temporary global note in bearer form, without interest coupons (the **Temporary Global Note**) which will be issued in new global note (NGN) form. The Temporary Global Note will be exchangeable on or after 2 January 2010 for a permanent global note in bearer form, without interest coupons, (the **Permanent Global Note**) and, together with the Temporary Global Note, the **Global Notes**) upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Note. The Permanent Global Note will be exchangeable for definitive Notes with Coupons attached only in the limited circumstances specified therein.*

Notes and Coupons will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code."

Each Accountholder (as defined below) must look solely to Euroclear and/or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the bearer of Global Note and in relation to all other rights arising under the Global Notes, subject to and in accordance with the respective rules and procedures of Euroclear and/or Clearstream, Luxembourg. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by Global Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

The following is a summary of the provisions to be contained in the Trust Deed to constitute the Notes and in the Global Notes which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.

1. Nominal Amount and Exchange

The nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear and/or Clearstream, Luxembourg. The records of Euroclear and/or Clearstream, Luxembourg shall be conclusive evidence of the nominal amount of Notes represented by the Global Notes and a statement issued by Euroclear and/or Clearstream, Luxembourg at any time shall be conclusive evidence of the records of Euroclear and/or Clearstream, Luxembourg at that time.

The Temporary Global Note is exchangeable in whole or in part for interests recorded in the records of Euroclear and/or Clearstream, Luxembourg in the Permanent Global Note on or after a date which is expected to be 2 January 2010 upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only:

- (a) upon the happening of any of the events defined in the Trust Deed as an "Event of Default";
- (b) if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available; or
- (c) if the Company would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the

Notes in definitive form and a certificate to such effect signed by two Directors is given to the Trustee.

Thereupon (in the case of (a) and (b) above) the holder of the Permanent Global Note (acting on the instructions of one or more of the Accountholders (as defined below)) or the Trustee may give notice to the Company and (in the case of (c) above) the Company may give notice to the Trustee and the Noteholders, of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date, the holder of the Permanent Global Note may or, in the case of (c) above, shall surrender the Permanent Global Note to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Note the Company will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Note, the Company will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

In the event that a Global Note is exchanged for definitive Notes, such definitive Notes shall be issued in minimum denominations of £50,000 and higher integral multiples of £1,000 up to a maximum of £99,000, but will in no circumstances be issued to Noteholders who hold Notes in Euroclear and/or Clearstream, Luxembourg in amounts that are less than £50,000.

For these purposes, **Exchange Date** means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

2. Payments

On and after 2 January 2010, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note and, if no further payment falls to be made in respect of the Notes, against surrender of such Global Note to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. The Issuer shall procure that the amount so paid shall be entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg and the nominal amount of the Notes recorded in the records of Euroclear and Clearstream, Luxembourg and represented by such Global Note will be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of Euroclear and Clearstream, Luxembourg shall not affect such discharge. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant Accountholders rather than by publication as required by Condition 12. Any such notice shall be deemed to have

been given to the Noteholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Principal Paying Agent and Euroclear and Clearstream, Luxembourg may approve for this purpose.

4. Accountholders

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notice to the Company pursuant to Condition 9 and Condition 6.5) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Company and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

5. Prescription

Claims against the Company in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7).

6. Cancellation

Cancellation of any Note represented by a Global Note and required by the Terms and Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

7. Put Option

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, the option of the Noteholders provided for in Condition 6.5 may be exercised by an Accountholder giving notice to the Principal Paying Agent in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) of the principal amount of the Notes in respect of which such option is exercised and at the same time presenting or procuring the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly within the time limits set forth in that Condition.

8. Redemption at the Option of the Company

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, no drawing of Notes will be required under Condition 6.4 in the event that the Company exercises its call option pursuant to Condition 6.3 in respect of less than the aggregate principal amount of the Notes outstanding at such time. In such event, the partial redemption will be effected in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion).

9. Authentication and Effectuation

Neither the Temporary Global Note nor the Permanent Global Note shall become valid or enforceable for any purpose unless and until it has been authenticated by or on behalf of the Principal Paying Agent and effectuated by the entity appointed as Common Safekeeper by Euroclear and/or Clearstream, Luxembourg.

10. Euroclear and/or Clearstream, Luxembourg

Notes represented by a Global Notes are transferable in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg.

References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee in which the Notes are held from time to time.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be applied towards refinancing of existing capital markets indebtedness, bank indebtedness and, thereafter, towards general corporate purposes of the Group.

DESCRIPTION OF THE ISSUER

Business

The Issuer was incorporated in England on 19 May 1920. The Issuer is a public limited company incorporated under the laws of England and Wales with registration number 0167591. The registered office of the Issuer is at 234 Bath Road, Slough, Berkshire, SL1 4EE and its telephone number is +44 1753 537171.

The Issuer is the parent company of an international group of companies which, together, form one of the leading industrial property groups in Europe. The Issuer and its subsidiaries (the **Group**) focuses on the provision and development of flexible business space which includes warehousing and logistics facilities, light industrial properties (including data centres and production buildings) and suburban offices to a wide and diverse range of customers and industries across Europe. The Issuer conducts no business operations of its own and has not engaged in any activities other than the holding of ownership interests in its subsidiary undertakings. The Issuer therefore depends on revenues generated by its subsidiary undertakings.

The Issuer became a REIT in the UK and a SIIC in France on 1 January 2007, allowing the Issuer and its shareholders exemption from tax on income and gains derived from its UK and French investment property rental business and significantly increased flexibility for asset management. The Issuer is listed on the London Stock Exchange and Euronext Paris.

The Issuer concluded a renegotiation of its main banking covenants in February 2009 and successfully completed a rights issue in April 2009 generating net proceeds of approximately £500 million. On 24 August 2009, the Issuer completed the acquisition of the entire ordinary share capital of Brixton plc (**Brixton**), the Issuer's largest UK industrial real estate competitor, in exchange for ordinary shares of the Issuer (the **Acquisition**) which significantly strengthened the Group's competitive position in key markets around Heathrow, Park Royal and Manchester. The Acquisition was part funded by a placing and open offer generating net proceeds of approximately £241 million which was used to reduce the Group's borrowings under its existing banking facilities.

As at 30 June 2009, the Group's property portfolio (excluding Brixton) was valued at £3,284 million of which 22 per cent. (£722 million) consisted of large warehousing and logistics facilities, 58 per cent. (£1,922 million) of other industrial buildings, 18 per cent. (£589 million) of offices, 2 per cent. (£51 million) of retail. As at 30 June 2009, Brixton's completed investment properties were valued at £1,131 million giving a total of completed investment properties for the Group of £4,415 million. As at 30 June 2009 completed investment properties accounted for 82 per cent. of the Group's property portfolio. Assets in the course of construction accounted for a further 1 per cent. (£41 million) of the Group along with 6 per cent. (£346 million) of land bank, 6 per cent. (£321 million) of trading properties, 5 per cent. (£269 million) share of joint ventures and less than 1 per cent. (£8 million) of owner-occupied properties and lease incentives. Including joint ventures at 100 per cent., the portfolio of completed investment properties comprised 227 estates, and had a passing rent roll of £385 million (excluding the value of rent free periods) (UK: £296 million, Continental Europe £89 million). In total, as at 30 June 2009 the Group's property portfolio totalled £5,400 million.

The Group is active in 11 countries comprising the UK, Belgium, the Czech Republic, France, Germany, Hungary, Italy, the Netherlands, Poland, Portugal and Spain. As at 30 June 2009, of the Group's £5,400 million total portfolio, 16 per cent. (£890 million) was located in Slough, 9 per cent. (£475 million) in the London Markets Region, 17 per cent. (£942 million) in the National Markets Region of the UK (the UK except London and Slough) and 25 per cent. (£1,327 million) in the Brixton portfolio giving a total asset value of £3,634 million in the UK representing 67 per cent. of the total portfolio. Belgium represented 6 per cent. (£313 million), France 8 per cent. (£410 million), Germany 9 per cent. (£496 million), Poland 4 per cent. (£243 million) and the rest of Europe 6 per cent. (£304

million) of the total portfolio. The Issuer's focused business model has driven expansion in these markets.

The Group's UK portfolio is primarily focused on light industrial buildings and other business space, including the 617,000 square metre Slough Trading Estate, which as at 30 June 2009 had a total value of approximately £830 million and is one of the largest and most strategically positioned industrial sites in the South East of England. The Group's Continental European portfolio contains predominantly larger logistics-based warehouses and light industrial assets and can be divided into two distinct market sub-segments: the Western European markets, including Germany, France, Belgium, Italy, the Netherlands and Spain, which are established markets with experienced investors, and Central and Eastern Europe including Poland, Hungary and the Czech Republic, which are emerging markets with growth potential.

The Issuer believes that a key strength of the Group's business is its operational resilience and cash flow which is important in the present economic environment. This is due to a number of factors, including the tendency of the industrial sector to perform better than other commercial property sectors, particularly in periods of economic slow-down. This is indicated by comparing the Investment Property Databank (**IPD**) annual total performance of industrial assets against other assets during the recessionary period 31 October 1989 to 31 December 1993 which was 4.9 per cent. (industrial) compared to 0.9 per cent. (non-industrial). The Issuer believes that this is partly due to rental levels in the industrial sector being less volatile than in the retail or office sectors.

The Issuer also believes that the Group's broad customer base provides diversification of risk. The Group serves a very broad range of industries as shown in the table below.

<i>Industries of Customers</i>	<i>Income as % of passing rent as at 30 June 2009</i>
Transport	19
Timber, paper and clothing	3
Retail	15
Leisure and Entertainment	1
Information technology	12
Financial and media	5
Engineering and electrical	12
Chemicals and commodities	4
Building and construction	5
Automotive	6
Agriculture and food	6
Utilities, services and other	12
	100

As at 30 June 2009, the Issuer had approximately 2,600 customers (including customers of joint ventures) in total, the top 10 of which accounted for approximately 24 per cent. of the total passing rent

roll, the top 20 of which accounted for approximately 32 per cent. of the total passing rent roll and the top 50 which accounted for approximately 61 per cent. of the total passing rent roll.

In the last economic recession (broadly from 1990 through 1995) there was an increase in the Group's vacancy rate in its UK industrial portfolio which was mainly due to the completion by the Group of a considerable amount of speculative developments during this period. However, the Group's vacancy rate then decreased steadily over the following three years back to the level seen at the start of the downturn. In addition, the passing rent roll on the Slough Trading Estate, which was (and remains) the Group's largest single asset, continued to grow steadily throughout this period, despite the difficult economic environment. In recent years the Group has been cautious with its development pipeline. The Group's UK development programme was 71 per cent. pre-let (by estimated rental value) across the portfolio as at 30 June 2009 and the Group had significantly reduced the level of speculative development 'starts' in 2008, in anticipation of the weakening economic environment.

The Group's lease renewal rate for its UK investment portfolio (the majority of which is classified by IPD as industrial) in 2008 and 2007 was approximately 65 per cent. which is significantly higher than the UK industrial average (24 per cent. lease renewal rate in 2007 according to the Strutt & Parker/IPD review for 2007). The Issuer believes that this level of lease renewal in part reflects the Issuer's focus on customer service and the quality of the buildings provided by SEGRO.

As at 30 June 2009, the topped up initial yield (including the value of rent free periods) of the Group's completed investment properties including Brixton was 7.3 per cent. (as compared to 6.9 per cent. excluding the value of rent free periods), the true equivalent yield was 8.9 per cent. and the reversionary potential was £3.3 million. Excluding joint ventures, as at 30 June 2009, the Group's portfolio comprised over 180 estates and had a passing rent roll of £338 million (excluding the value of rent free periods).

Principal Subsidiaries

The following table shows the principal subsidiary undertakings of the Issuer.

<i>Name</i>	<i>Country of incorporation/ operation</i>	<i>% holding by the Issuer</i>
* Brixton Limited	England	100
Followcastle Limited	England	100
* Allnatt London Properties plc	England	100
* Bilton plc	England	100
Farnborough Business Park Limited	England	100
HelioSlough Limited	England	50 (joint venture)
Le Blanc Mesnil	France	100
SEGRO Belgium NV	Belgium	100
SEGRO BV	The Netherlands	100
* Shopping Centres Limited	England	50 (joint venture)
SEGRO Germany GmbH	Germany	100

<i>Name</i>	<i>Country of incorporation/ operation</i>	<i>% holding by the Issuer</i>
SEGRO France SA	France	100
SEGRO Industrial Estates Limited	England	100
SEGRO (KNBC) Limited	England	100
SEGRO Management N.V.	Belgium	100
SEGRO Marly le Ville	France	100
SEGRO Properties Limited	England	100
SEGRO (Winnersh) Limited	England	100
SEGRO 12	Germany	100
SEGRO 23	Germany	100
*Slough Trading Estate Limited	England	100
Quendis Polska	Poland	100
The Heywood Unit Trust	England	100
The Woodside Unit Trust England	England	100
* SEGRO Administration Limited	England	100
* SEGRO Finance plc	England	100
Other		
SEGRO Overseas Holdings Limited	England	100
SEGRO Holdings France SAS	France	100

* Held directly by the Issuer

Directors

The Board of the Issuer (the **Board**) comprises seven non-executive directors (including the Chairman) and four executive directors. Their names and principal functions are as follows:

<i>Director</i>	<i>Function</i>
Nigel Mervyn Sutherland Rich	Non-Executive Chairman of the Board of Directors and Chairman of the Nomination Committee
Ian David Coull	Chief Executive and member of the Nomination Committee
David John Rivers Sleath	Group Finance Director
Inès Violaine Marie Reinmann	Managing Director, Continental Europe

<i>Director</i>	<i>Function</i>
Ian Calvert Sutcliffe	Managing Director, UK
Lord Norman Roy Blackwell	Senior Independent Non-Executive Director, and member of the Nomination Committee, the Audit Committee and the Remuneration Committee
Stephen Lee Howard	Non-Executive Director and Chairman of the Remuneration Committee and member of the Audit Committee
Lesley Anne MacDonagh	Non-Executive Director and member of the Remuneration Committee
Andrew William Palmer	Non-Executive Director and Chairman of the Audit Committee
Christopher Arden Peacock	Non-Executive Director and member of the Nomination Committee and the Remuneration Committee
Thomas William Wernink	Non-Executive Director and member of the Audit Committee and Nomination Committee

There are no family relationships between any members of the Board.

The usual business address of all the Directors is SEGRO plc, 50 Berkeley Street, London W1J 8BX.

The principal directorships outside the Group for the following members of the Board are:

Nigel Mervyn Sutherland Rich

<i>Company</i>	<i>Position</i>
Matheson & Co, Limited	Director
Pacific Assets Trust Public Limited Company	Director
Chelsea Square Garden Limited	Director
Xchanging Plc	Director
Bank of the Philippine Islands (Europe) Plc	Director
Castle Asia Alternative PCC Limited	Director

Ian David Coull

<i>Company</i>	<i>Position</i>
British Property Federation	Director
London Scottish International Limited	Director
European Public Real Estate Association	Board Member

David John Rivers Sleath

<i>Company</i>	<i>Position</i>
Bunzl plc	Director

Lord Norman Roy Blackwell

<i>Company</i>	<i>Position</i>
Centre for Policy Studies Limited	Director
Standard Life Assurance Limited	Director
Interserve Plc	Director
Standard Life Plc	Director

Stephen Lee Howard

<i>Company</i>	<i>Position</i>
Habitat for Humanity Great Britain	Deputy Chairman
In Kind Direct	Director
Big Issue Social Investments Limited	Director

Lesley Anne MacDonagh

<i>Company</i>	<i>Position</i>
BDO LLP	Director
Bovis Homes Group Plc	Director

Christopher Arden Peacock

<i>Company</i>	<i>Position</i>
Howard De Walden Estates Limited	Director
Howard De Walden Estates Holdings Limited	Director

Thomas William Wernink

<i>Company</i>	<i>Position</i>
Delta Deelnemingen Fonds NV	Chairman
Q-park NV	Director
CITYCON OYJ	Chairman
ING Real Estate Dutch Funds	Director
Compagnie Immobiliere de Belgique	Deputy Chairman

Atrium European Real Estate Limited	Director
JER Real Estate Advisers (UK) Limited	Independent Adviser
FortisMeesPierson Private Real Estate Fund	Independent Adviser

Conflicts of interest

Lord Norman Roy Blackwell is a non-executive director of Standard Life plc, which indirectly holds ordinary shares in the Issuer through its funds.

Other than disclosed above, no director has any potential conflict of interest between his or her duties to the Issuer and his or her private interests or other duties.

TAXATION

The following applies only to persons who are the absolute beneficial owners of Notes and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating to certain aspects of United Kingdom taxation. It is a general guide for information purposes and is not intended as tax advice and does not purport to describe all of the tax considerations that may be relevant to the prospective Noteholders. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future, possibly with retrospective effect. Prospective Noteholders should be aware that any further issue of notes (as described in Condition 15 of the Terms and Conditions of the Notes) may affect the United Kingdom tax treatment of the Notes. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

A. Interest on the Notes

1. *Payment of interest on the Notes*

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the **Act**). The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HM Revenue and Customs has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HM Revenue and Customs can issue a direction to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Noteholders may wish to note that, in certain circumstances, HM Revenue and Customs has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder. Information so obtained may, in certain circumstances, be exchanged by HM Revenue and Customs with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

2. *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Belgium will move to a provision of information system (rather than a withholding system) from 1 January 2010. A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of the proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

3. *Further United Kingdom Income Tax Issues*

Interest on the Notes constitutes United Kingdom source income for tax purposes and, as such, may be subject to United Kingdom tax by direct assessment even where paid without withholding.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Notes are attributable (and where that Noteholder is a company, unless that Noteholder carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Notes are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Noteholders.

4. *Interpretation*

Reference to "interest" above means "interest" as understood by United Kingdom tax law.

B. United Kingdom Corporation Tax Payers

5. In general, Noteholders which are within the charge to United Kingdom corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Notes (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

C. Other United Kingdom Tax Payers

6. *Taxation of Chargeable Gains*

The Notes should constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a Noteholder of a Note should not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains.

7. *Accrued Income Scheme*

On a disposal of Notes by a Noteholder, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules of the accrued income scheme as set out in Part 12 of the Act, if that Noteholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable.

D. Stamp Duty and Stamp Duty Reserve Tax (SDRT)

8. No United Kingdom stamp duty or SDRT should be payable on the issue of the Notes or on a transfer by delivery of the Notes.

SUBSCRIPTION AND SALE

Barclays Bank PLC and HSBC Bank plc (the **Joint Lead Managers**), Commerzbank Aktiengesellschaft and Lloyds TSB Bank plc (the **Co-Lead Managers** and together with the Joint Lead Managers the **Managers**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 19 November 2009, jointly and severally agreed to subscribe for £300,000,000 in aggregate principal amount of the Notes at the issue price of 99.239 per cent. of the principal amount of Notes. Certain commissions are being paid to the Managers by the Issuer in connection with the issue of the Notes. The Issuer will also reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

The total expenses related to the admission of the Notes to trading on the Regulated Market of the London Stock Exchange are estimated to be approximately £2,975.

At the Closing Date, the yield on the Notes will be 6.844 per cent. per annum. The yield is calculated at the Closing Date on the basis of the issue price. It is not an indication of future yield.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

General

No action has been taken by the Issuer or any of the Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

GENERAL INFORMATION

Authorisation

1. The issue of the Notes was duly authorised by resolutions of the Board of Directors of the Issuer dated 23 September 2009 and 18 November 2009 and of a meeting of Directors of the Issuer dated 16 November 2009.

Listing

2. Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for the Notes to be admitted to trading on the Market. Such listing and admission to trading is expected to occur on or about the Closing Date subject only to the issue of the Temporary Global Note.

Clearing Systems

3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS0469028319 and the Common Code is 046902831. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

No significant change

4. There has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2009 and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2008.

Litigation

5. Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings in the past twelve months (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had during the previous twelve months, a significant effect on the financial position or profitability of the Issuer or the Group.

Investor Presentations

6. The Issuer intends to arrange, on an annual basis, investor presentations to which Noteholders (or their duly authorised representatives) will be invited.

Accounts

7. The auditors of the Issuer are Deloitte LLP, Chartered Accountants and Statutory Auditors of Hill House, 1 Little New Street, London EC2A 3TR who have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in the United Kingdom for each of the two financial years ended on 31 December 2008.

U.S. tax

8. The Notes and Coupons will contain the following legend: *"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."*

Documents

9. Copies of the following documents will be available for inspection from the specified offices of Citibank, N.A., London Branch during normal business hours for twelve months from the date hereof:
- (a) the memorandum and articles of association of the Issuer;
 - (b) the audited consolidated and non-consolidated annual financial statements of the Issuer in respect of the financial years ended 31 December 2007 and 31 December 2008 and the unaudited interim condensed consolidated financial statements of the Issuer in respect of the six months ended 30 June 2009;
 - (c) the Interim Management Statement of the Issuer in respect of the nine months ended 30 September 2009 dated 5 November 2009; and
 - (d) the Trust Deed, the Subscription Agreement and the Agency Agreement.

General

As at the date of this Offering Circular and in so far as known to the Issuer, the Issuer is not aware of any person who, directly or indirectly, owns or exercises control over the Issuer.

As at the date of this Offering Circular and in so far as known to the Issuer, the Issuer is not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Issuer.

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