

SEGRO PLC  
27 April 2010

## SEGRO ACQUIRES 50% OF AIRPORT PROPERTY PARTNERSHIP

SEGRO, Europe's leading provider of flexible business space, today announces it has exchanged conditional contracts for the acquisition of BAA's 50% interest in the Airport Property Partnership ("APP") for £111.3m cash. APP is a 50/50 joint venture with Aviva Investors, focused on airport-related industrial assets in and around major UK airports.

The APP portfolio includes 17 direct property assets and three indirect investments. The direct assets comprise an area of 3.5m square feet with a vacancy rate of 6.8% by ERV and an average unexpired lease length of 13.4 years. By value, 73% of the assets are located in the Heathrow market.

The acquisition price implies a property valuation of £446.6m on a 100% ownership basis (excluding indirect investments), and a net equivalent yield of 7.6%. The implied net initial yield of the direct assets is 6.0% primarily due to a number of buildings being currently let on "peppercorn" rents which will revert to market rents over the years ahead; the net reversionary yield, reflecting these potential uplifts, is 8.3%. As at 31 March 2010, APP had net debt of £229.0m.

SEGRO will become the asset manager of the APP portfolio whilst Aviva Investors will retain its role as fund manager.

In addition, SEGRO and Aviva Investors are in discussions to expand the joint venture significantly through the proposed purchase by APP of approximately £240m of complementary assets within SEGRO's existing portfolio. Details will be disclosed in due course.

In aggregate the two transactions are expected to generate net cash proceeds of approximately £60m for SEGRO.

Commenting on the transaction, Ian Coull, Chief Executive of SEGRO said: "The APP portfolio comprises high quality assets, reinforces SEGRO's position at Heathrow, one of our core locations in the UK and offers significant upside potential. Further, the opportunity to expand the APP joint venture through the injection of existing SEGRO assets meets one of the Group's strategic objectives to leverage its property management skills across a broader asset base. We look forward to working with Aviva Investors to add value to the portfolio in the years ahead."

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### **Conference Call for Investors and Analysts**

There will be a conference call for investors and analysts at 9:30 AM today GMT to discuss this transaction and the Group's interim management statement for the period since 31 December 2009, also announced this morning.

To participate in the call, please dial:

**UK:** +44 (0)20 7138 0816  
**US:** +1 718 354 1171  
Confirmation Code: 6840669#

From midday the conference call will be available on a replay basis from the investor relations page of SEGRO.com.

## **About SEGRO**

SEGRO is Europe's leading provider of flexible business space, operating from a network of offices across 10 countries. The Group is a Real Estate Investment Trust (REIT), listed on the London Stock Exchange and Euronext Paris. SEGRO's portfolio comprises £5.3 billion of predominantly industrial and warehouse assets concentrated in and around major business centres and transportation hubs such as ports, airports and motorways intersections. The Group serves over 1,900 customers spread across many geographic and different industry sectors. It has 5.9 million sq m of built space and a passing rent roll of £344 million as at 31 December 2009. For more information: [www.SEGRO.com](http://www.SEGRO.com)