



# INVESTMENT CASE



FEBRUARY 2024



# SEGR

UK FTSE 100 LISTED COMPANY

ESTABLISHED IN 1920

SEGR IS THE UK'S LARGEST LISTED REIT

**10.4 MILLION**  
SQ M OF SPACE

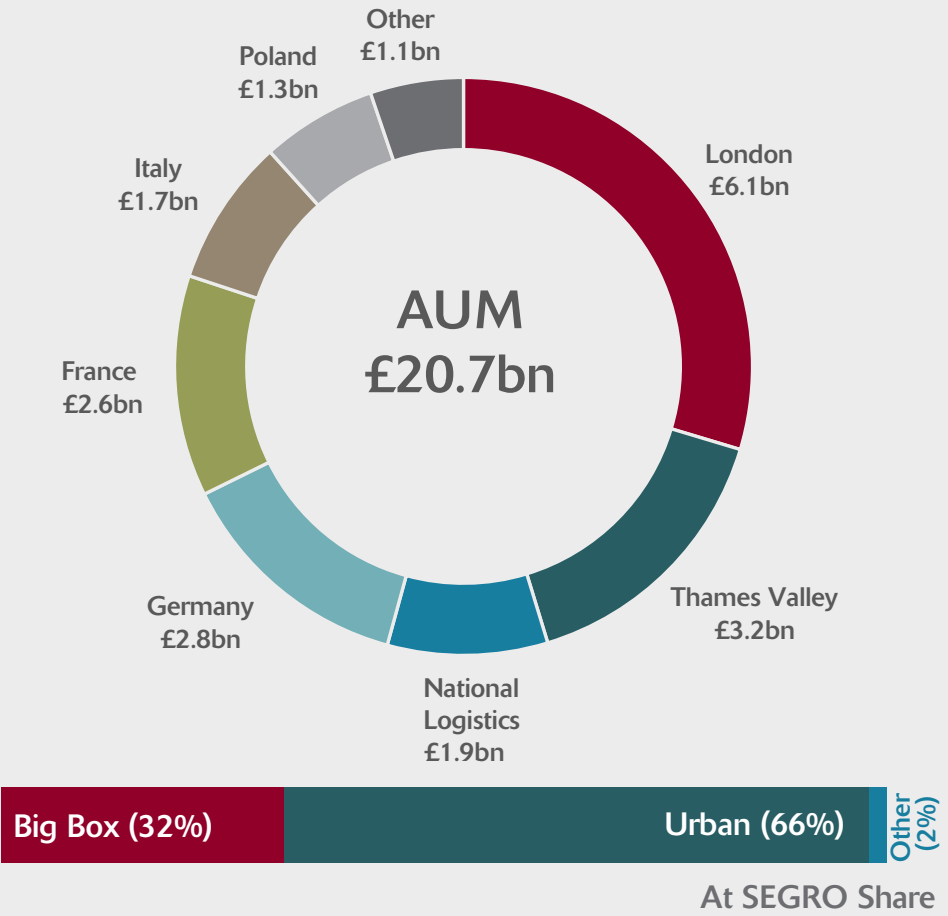
**8**  
COUNTRIES

**£20.7 BILLION**  
OF ASSETS UNDER  
MANAGEMENT

**1,416**  
CUSTOMERS

# A PRIME PORTFOLIO OF ASSETS AND A PAN-EUROPEAN OPERATING PLATFORM

Portfolio split by geography and asset type  
(at 31 December 2023)



# URBAN AND BIG BOX WAREHOUSES – COMPLEMENTARY ASSET TYPES

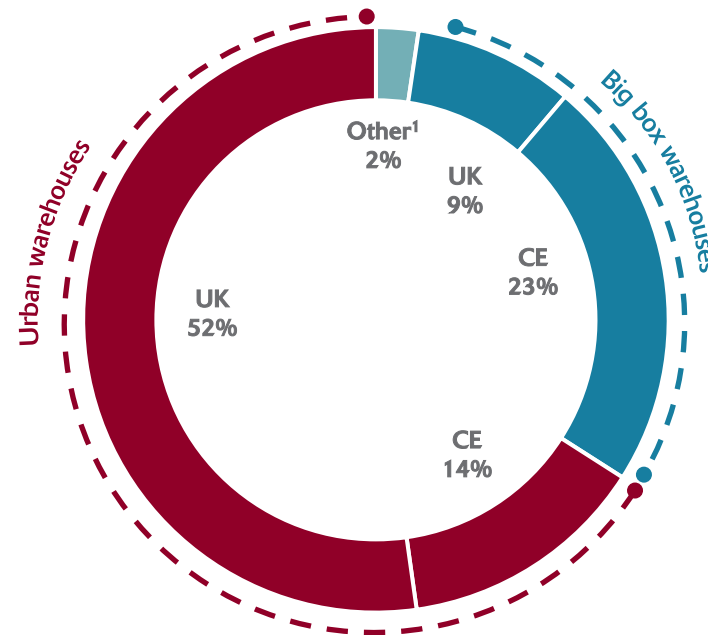
## Urban warehouses (66%)

- Smaller units, generally <10,000 sq m
- Diverse range of uses (including 'last mile' delivery and datacentres)
- Increased demand as a result of population expansion and growth of the digital economy
- Development highly restricted by declining land availability
- Lower net income yields, greater asset management potential
- Highest rental growth prospects

Future performance mainly driven by income yield and rental growth

Portfolio by type:  
(valuation, SEGRO share)

Data as at 31 December 2023



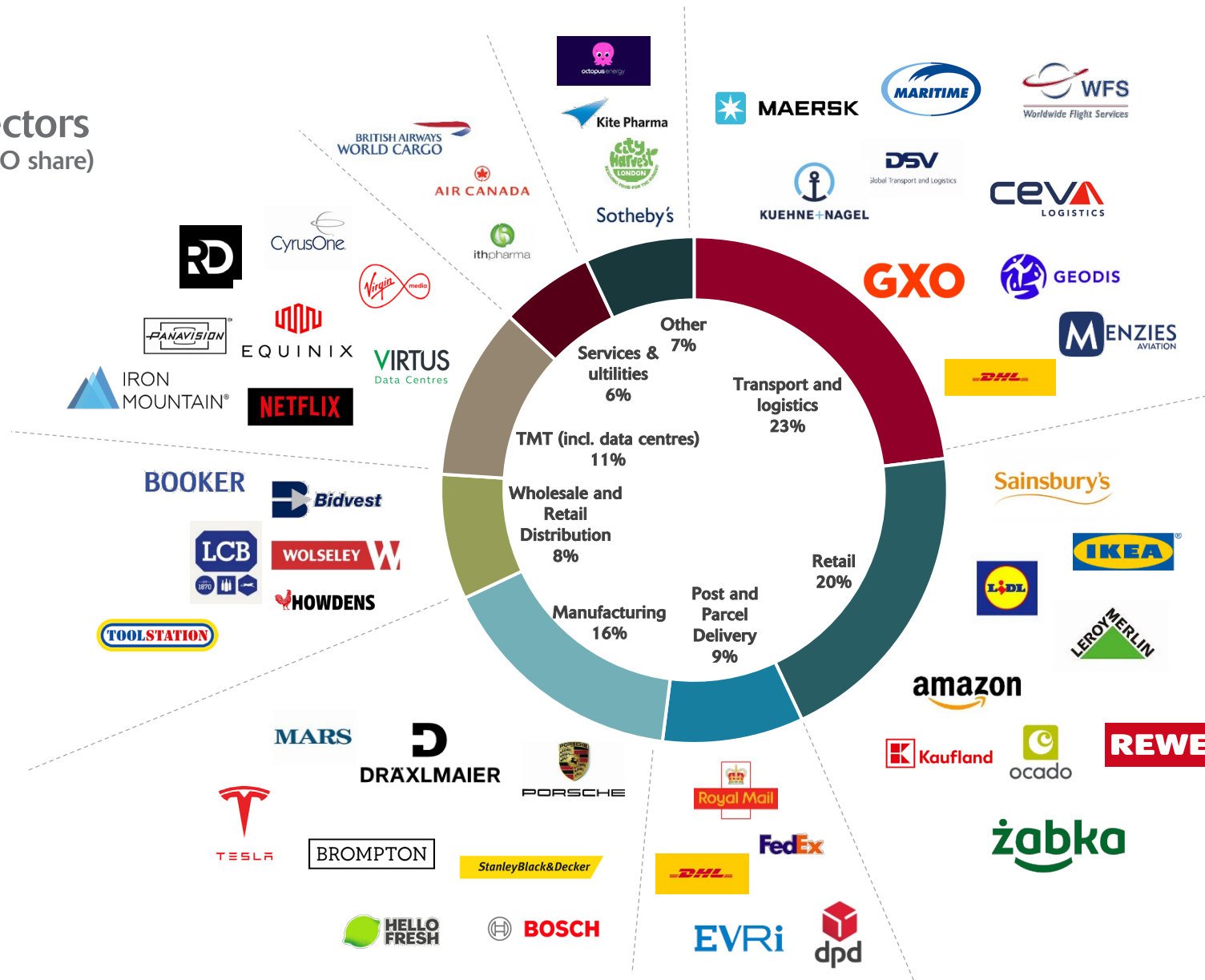
## Big boxes (32%)

- Larger units, generally over 10,000 sq m
- Mainly used for bulk storage and distribution of goods
- Increased demand as a result of online retail and supply chain optimisation
- Higher availability of development land but development constrained by planning/ zoning challenges
- Higher net income yields, lower management intensity
- Lower rental growth prospects

Future performance mainly driven by income yield, JV fees and development gains

# A VERY DIVERSIFIED CUSTOMER BASE

Customer sectors  
(headline rent, SEGRO share)



1,416 customers

Top 20 customers = 32% of total group headline rent

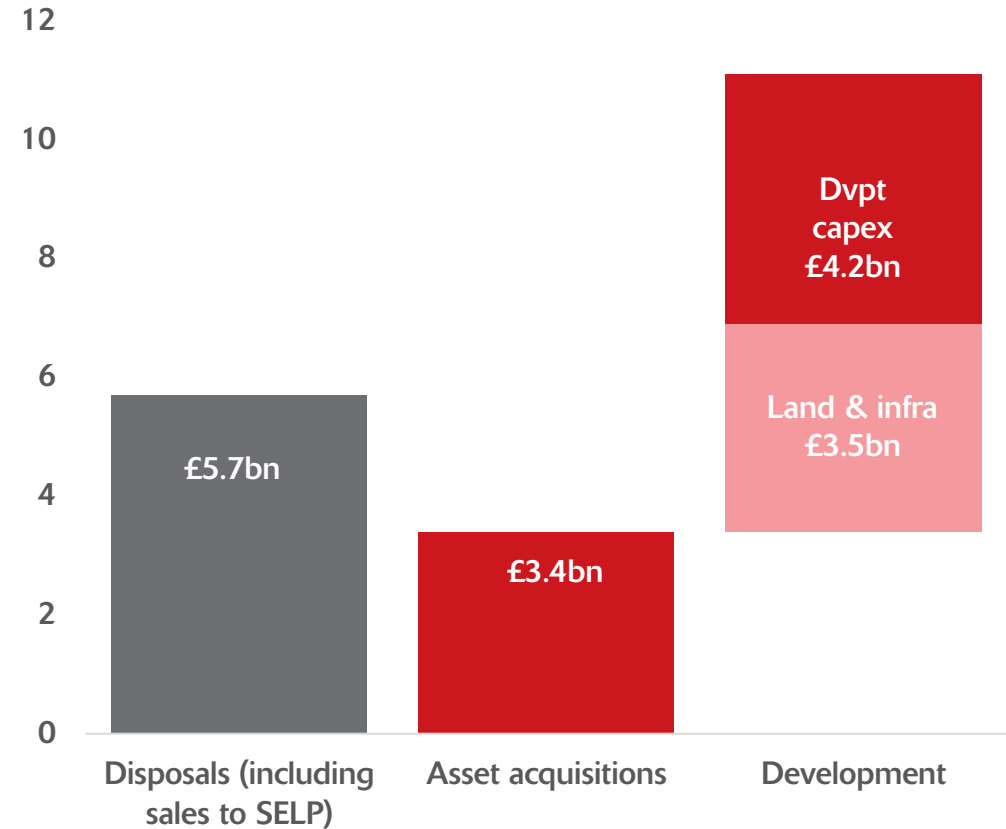
No single customer > 7% of total group headline rent

# A CLEAR AND SUCCESSFUL STRATEGY

We aim to be the best property company, and the partner of choice for our customers and other stakeholders

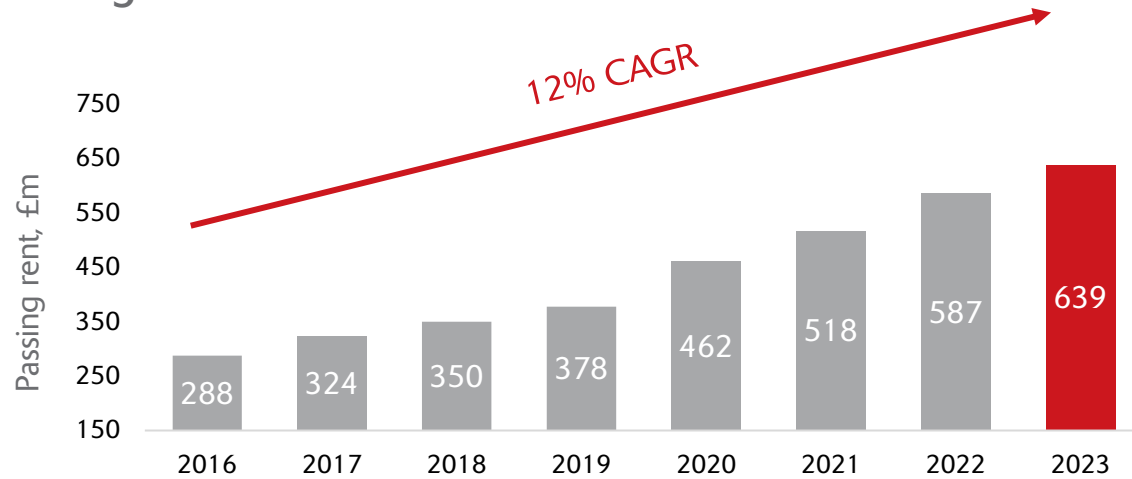


Disposal and investment activity since 1 January 2012 (£bn)

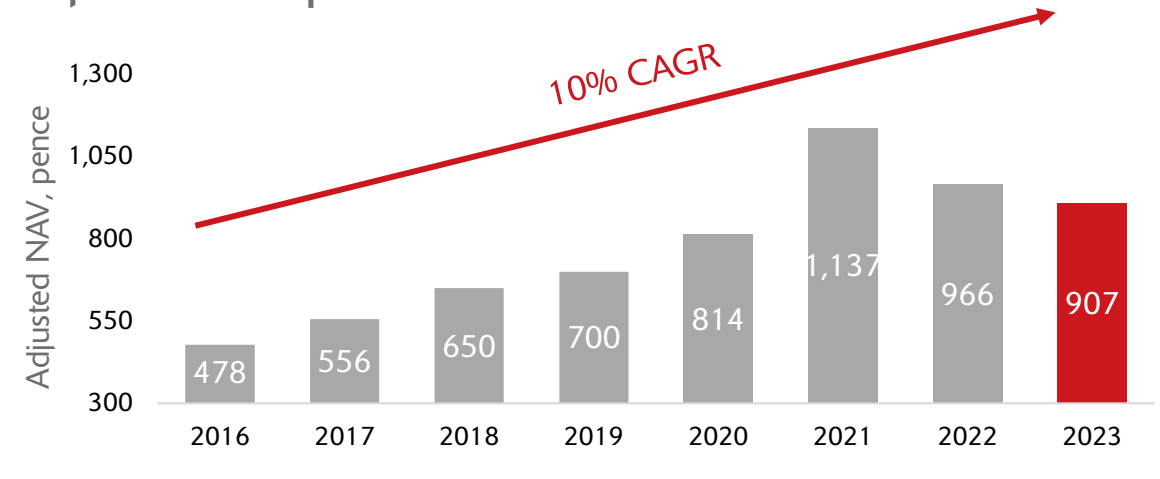


# CONSISTENTLY DELIVERING STRONG RETURNS

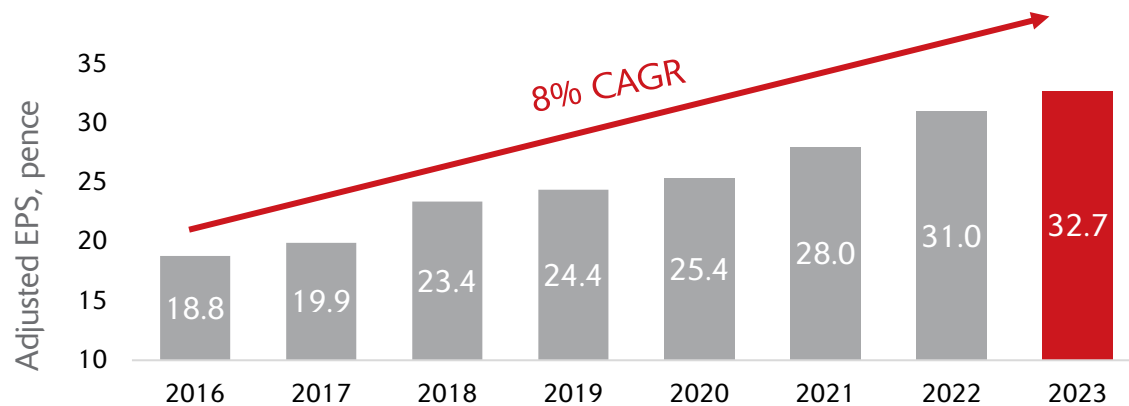
## Passing Rent



## Adjusted NAV<sup>1</sup> per share

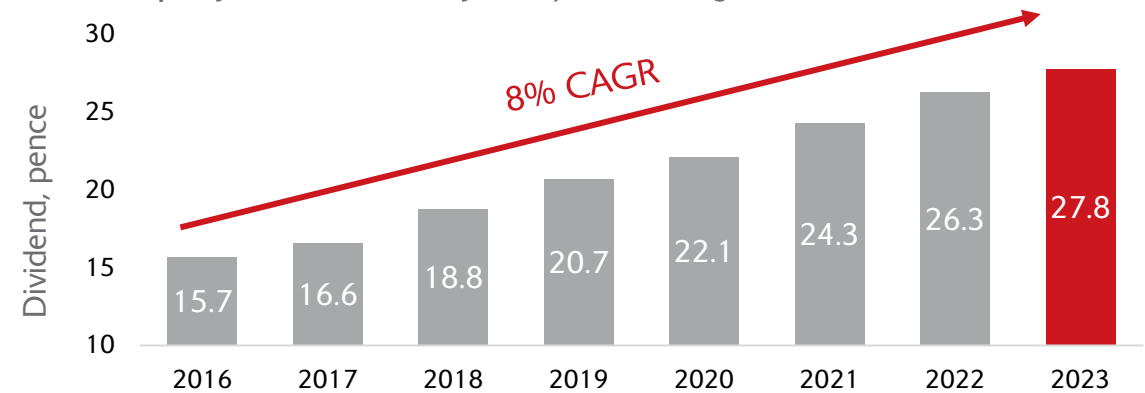


## Adjusted earnings per share



## Dividend per share

(Distribution policy of 85-95% of full year adjusted earnings)



# MAKING GOOD PROGRESS WITH RESPONSIBLE SEGRO

## CHAMPIONING LOW-CARBON GROWTH



Meaningful reduction in carbon emissions,  
tracking ahead pathway set and  
approved under SBTi

Increased visibility of customer energy data

Targeting at least BREEAM Excellent  
and an EPC B

A record 15 MW increase in our solar capacity



## INVESTING IN OUR LOCAL COMMUNITIES AND ENVIRONMENTS



12 Community Investment Plans

44 local community projects to improve  
biodiversity, environment, health & wellbeing

Record levels of volunteering from SEGRO  
employees, customers and suppliers

>9,000 people supported through our  
education and employment programmes

## NURTURING TALENT



Reshaping of Leadership Team

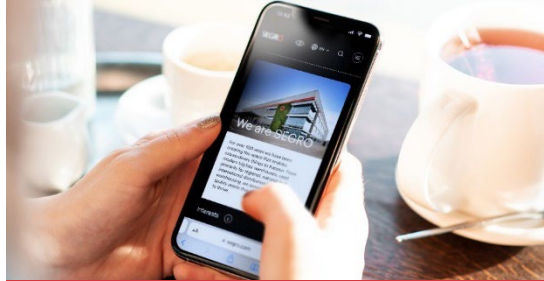
Clear diversity goals with supporting action  
plan

Investment in development of our leadership  
teams and colleagues

High levels of employee engagement



# LONG-TERM STRUCTURAL DRIVERS REMAIN INTACT



## DATA & DIGITALISATION

Growth of e-commerce  
Explosion of data  
Emergence of gen AI

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European online sales penetration expected to grow by a further 6ppts by 2027<sup>1</sup>

European data centre market expected to grow 3x by 2028<sup>2</sup>



## SUPPLY CHAIN OPTIMISATION

Customer service  
Cost efficiency  
Nearshoring / resilience

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>50% of European companies surveyed are looking to create more regionally based supply models<sup>3</sup>



## URBANISATION

Growing urban populations  
New users of space  
Shrinking land supply

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London's population is expected to increase in size by 10% over the next 20 years<sup>4</sup>



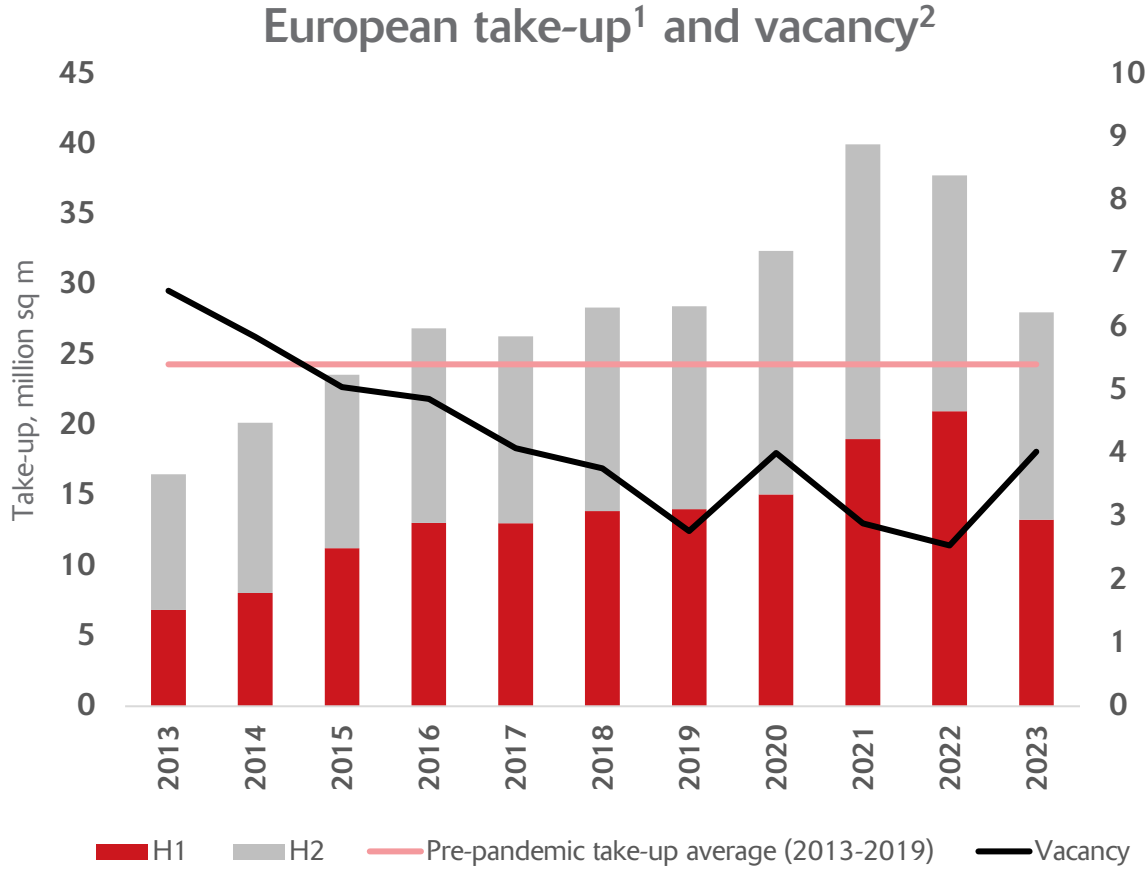
## SUSTAINABILITY

Regulation  
Customer carbon targets  
Stakeholder expectations

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90% of logistics occupiers have a net zero target in 2023<sup>5</sup>

# SUPPLY-DEMAND BALANCE IS SUPPORTIVE OF ERV GROWTH AND DEVELOPMENT



Consistent occupier demand - normalising to pre-pandemic averages

Low vacancy in SEGRO's chosen sub-markets

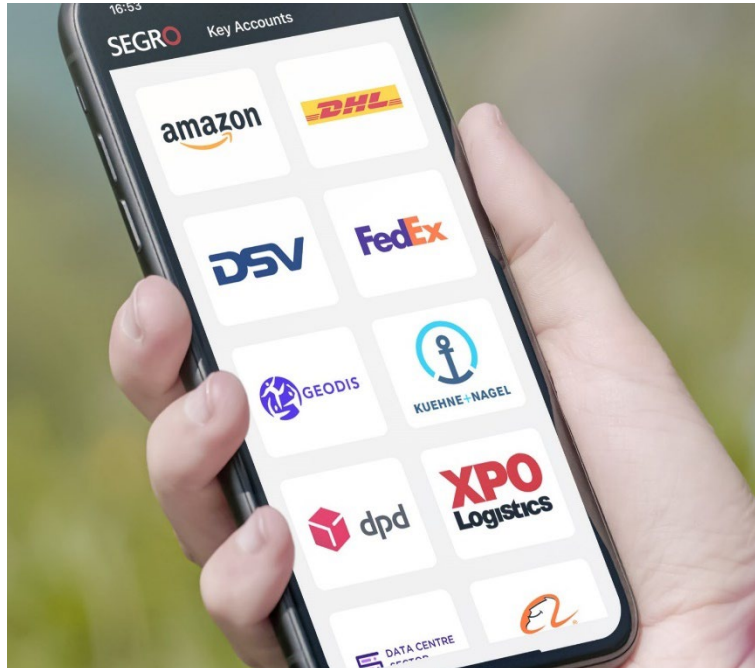
Reduction in construction starts during 2023 points to limited future supply

Positive leasing momentum in early 2024

1 Source: SEGRO, Savills (UK and Continental Europe), logistics data covers units over 5,000 sqm in Europe and 100,000 sq ft in the UK.

2 Source: SEGRO, CBRE (Czech Republic, France, Germany, Italy, Netherlands, Poland, Spain, UK), logistics data covers units over 5,000 sqm in Europe and 100,000 sq ft in the UK.

# DRIVING RENTS THROUGH ASSET MANAGEMENT



Delivering an outstanding customer experience



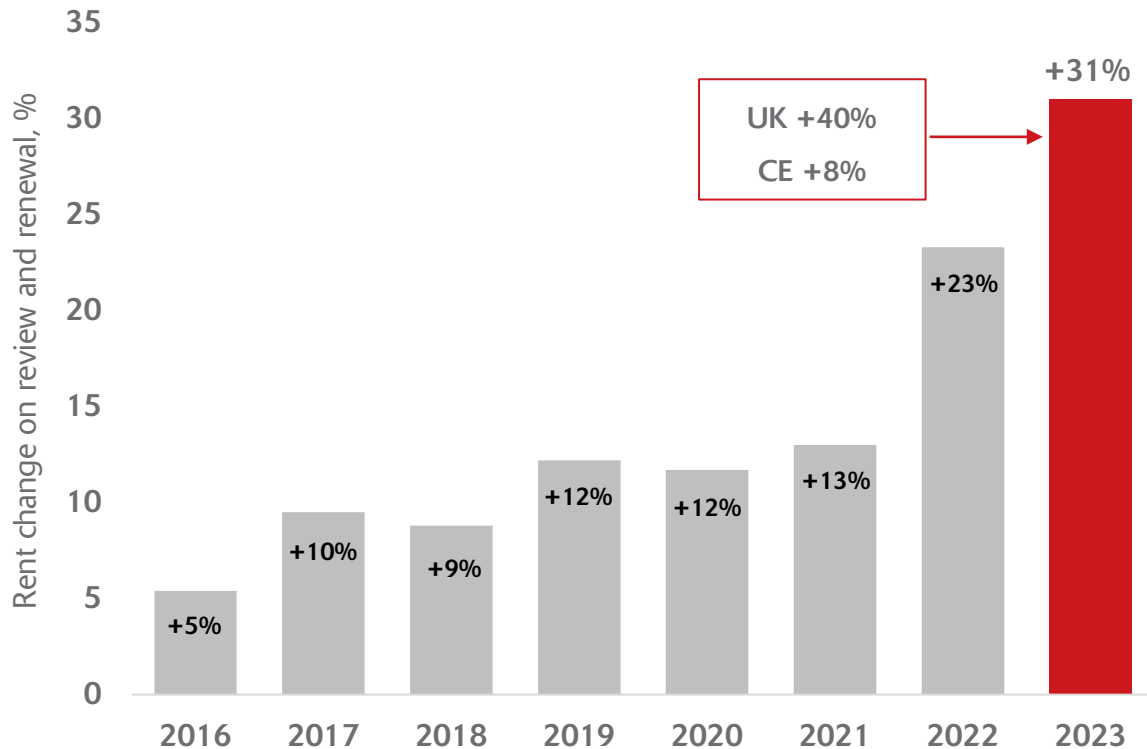
Proactive asset management



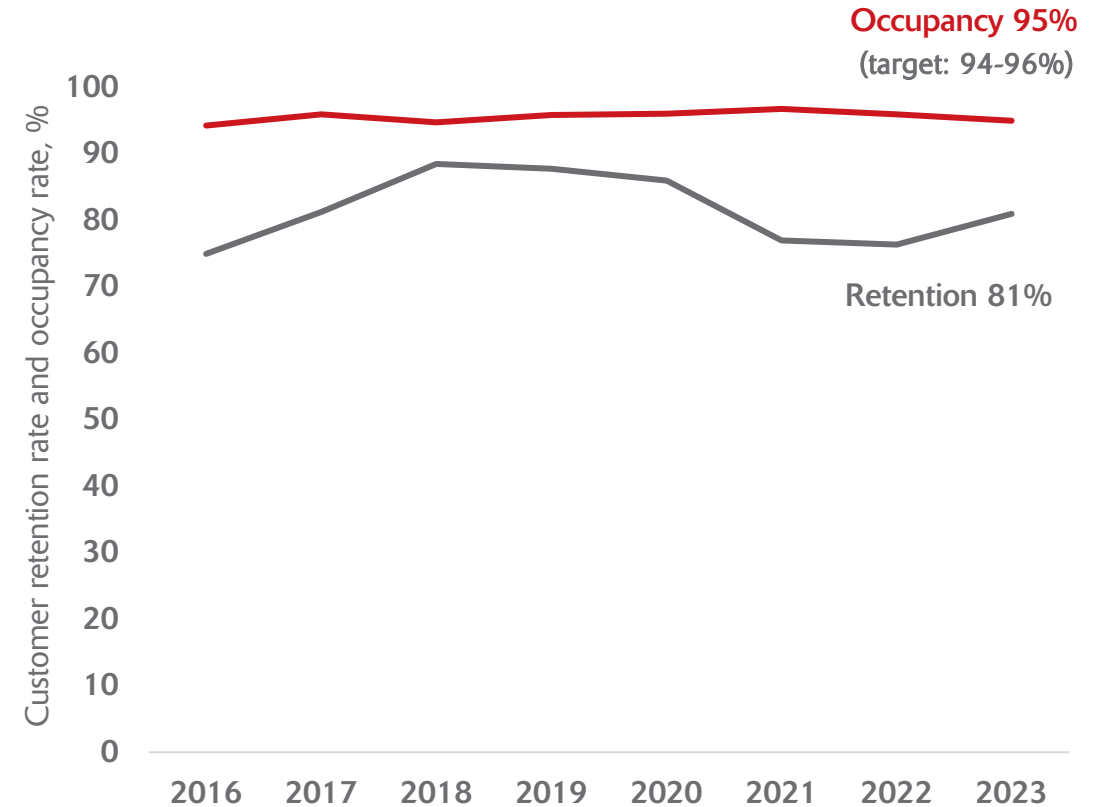
Setting new standards through refurbishment

# CAPTURING REVERSION, MAINTAINING OCCUPANCY

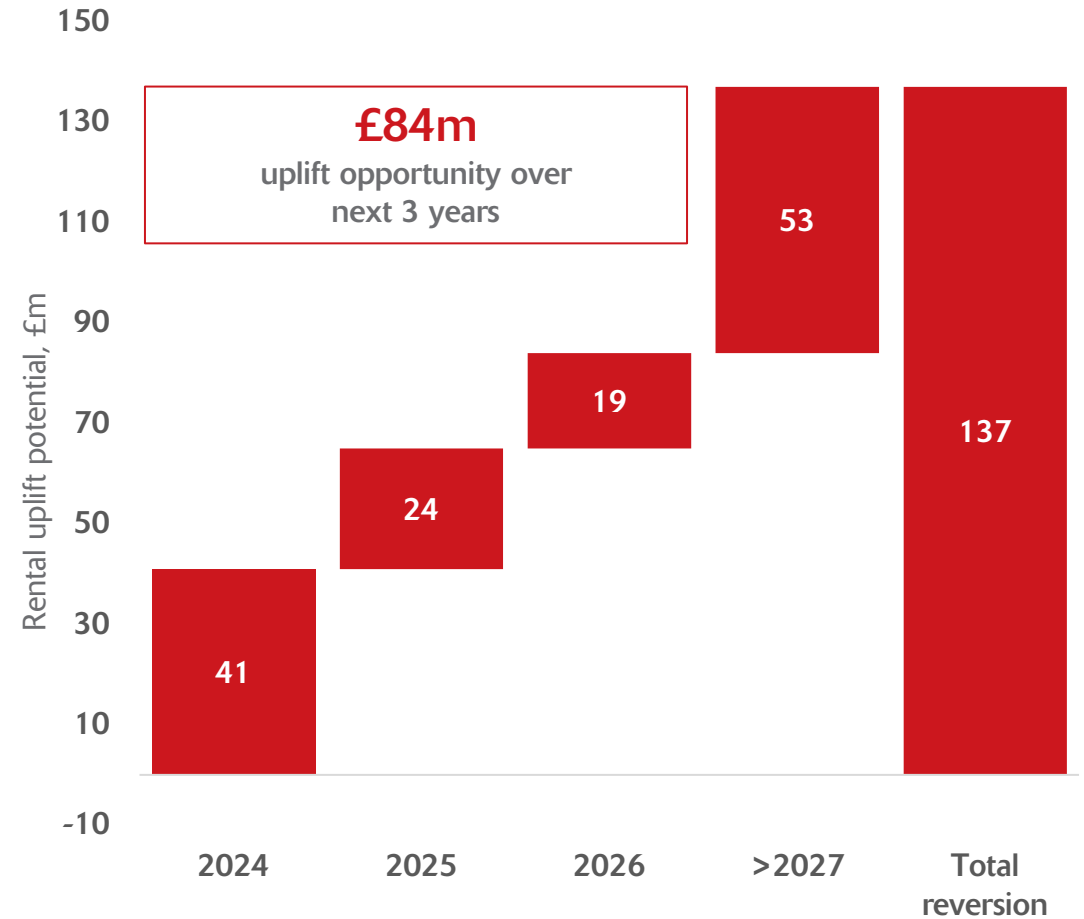
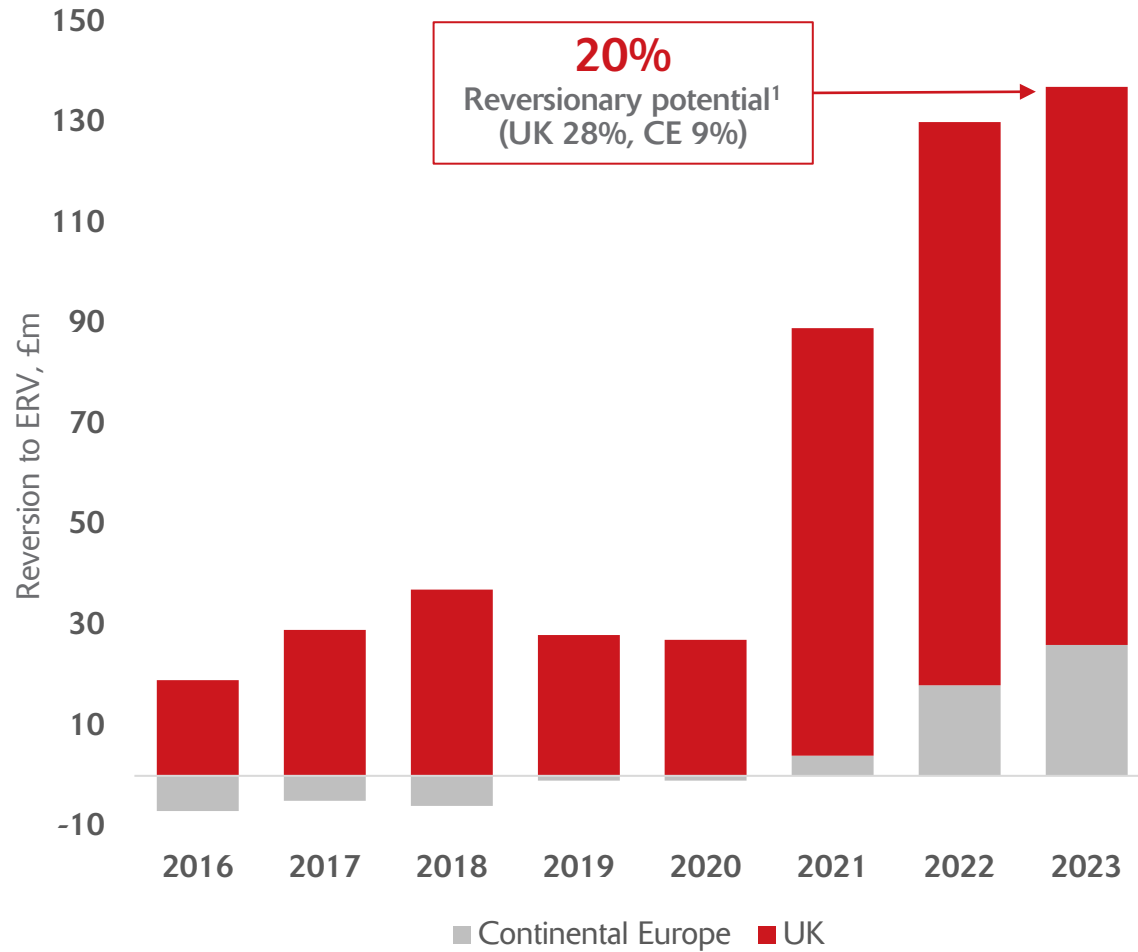
Capturing high levels of reversion...<sup>1</sup>



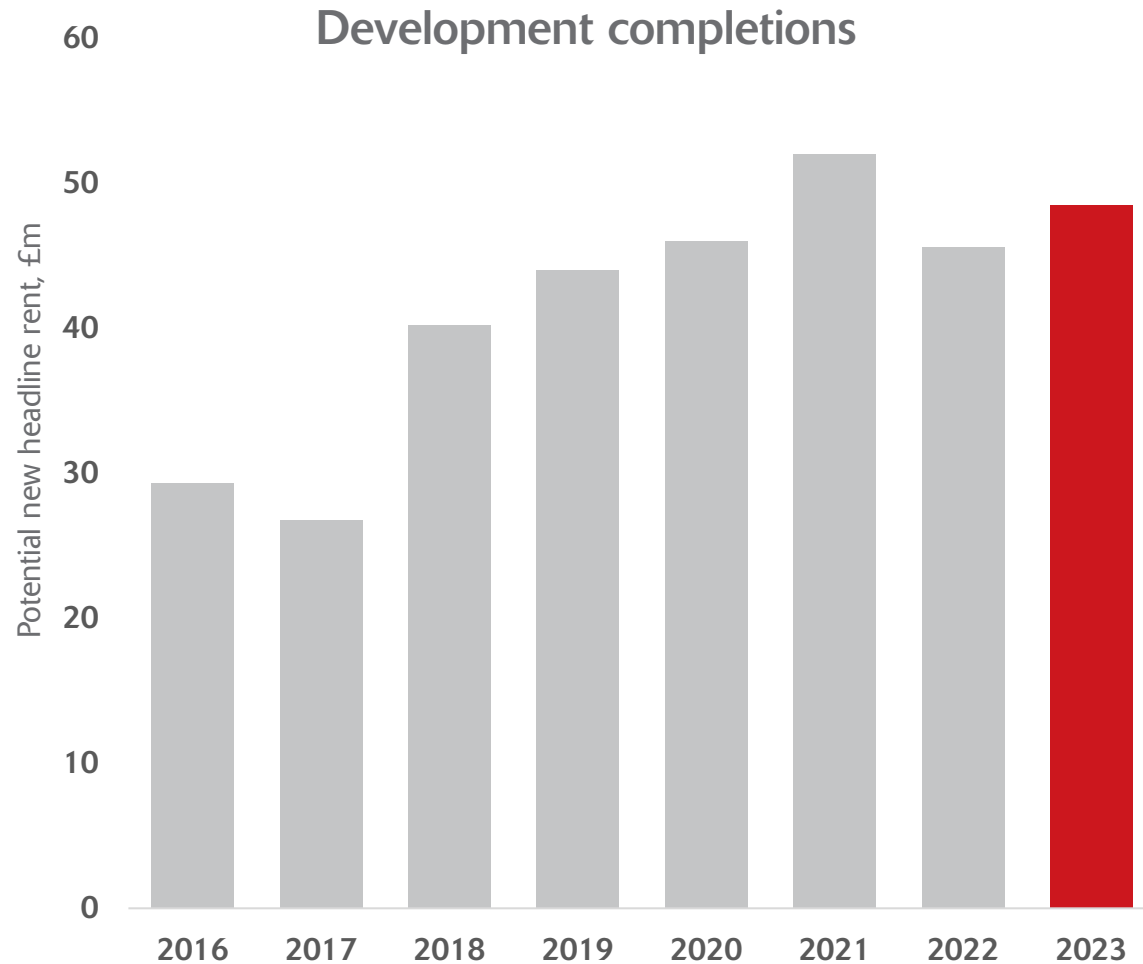
...retaining customers and maintaining healthy levels of occupancy<sup>2</sup>



# £137M REVERSIONARY POTENTIAL TO BE CAPTURED



# DRIVING RENTS THROUGH PROFITABLE DEVELOPMENT



**£50m**

potential headline rent (87% leased)

**625,700 sqm**

of new space completed (34 projects)

**7.0%<sup>1</sup>**

yield on cost

**92%<sup>2</sup>**

rated BREEAM 'Excellent' or better (99% 'Very Good' or better)

# PROFITABLE DEVELOPMENT OUTLOOK

Continued  
occupier  
demand

Speculative  
starts  
reducing

Rental  
growth  
continuing

Construction  
costs  
moderating

## CURRENT AND NEAR-TERM



£71m potential rent  
£342m capex

## LAND BANK



£372m potential rent  
£3.5bn capex

Attractive 7-8% yield on cost

# SIGNIFICANT GROWTH POTENTIAL FROM DATA CENTRES

24

potential sites across UK and Europe<sup>1</sup>

1.2GW

potential new capacity<sup>1</sup>

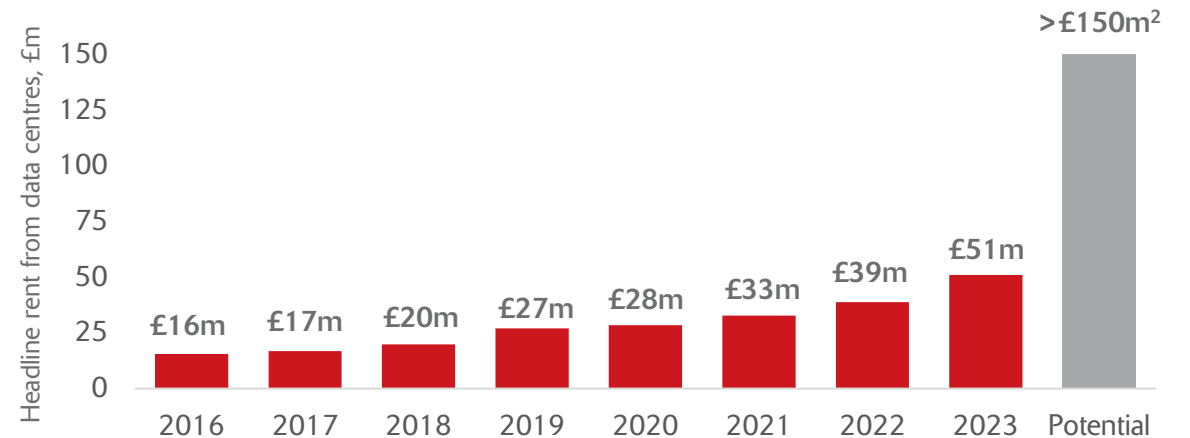
>£100m

potential new headline rent from data centres included in the future pipeline<sup>2</sup>

8-12%

yield on cost

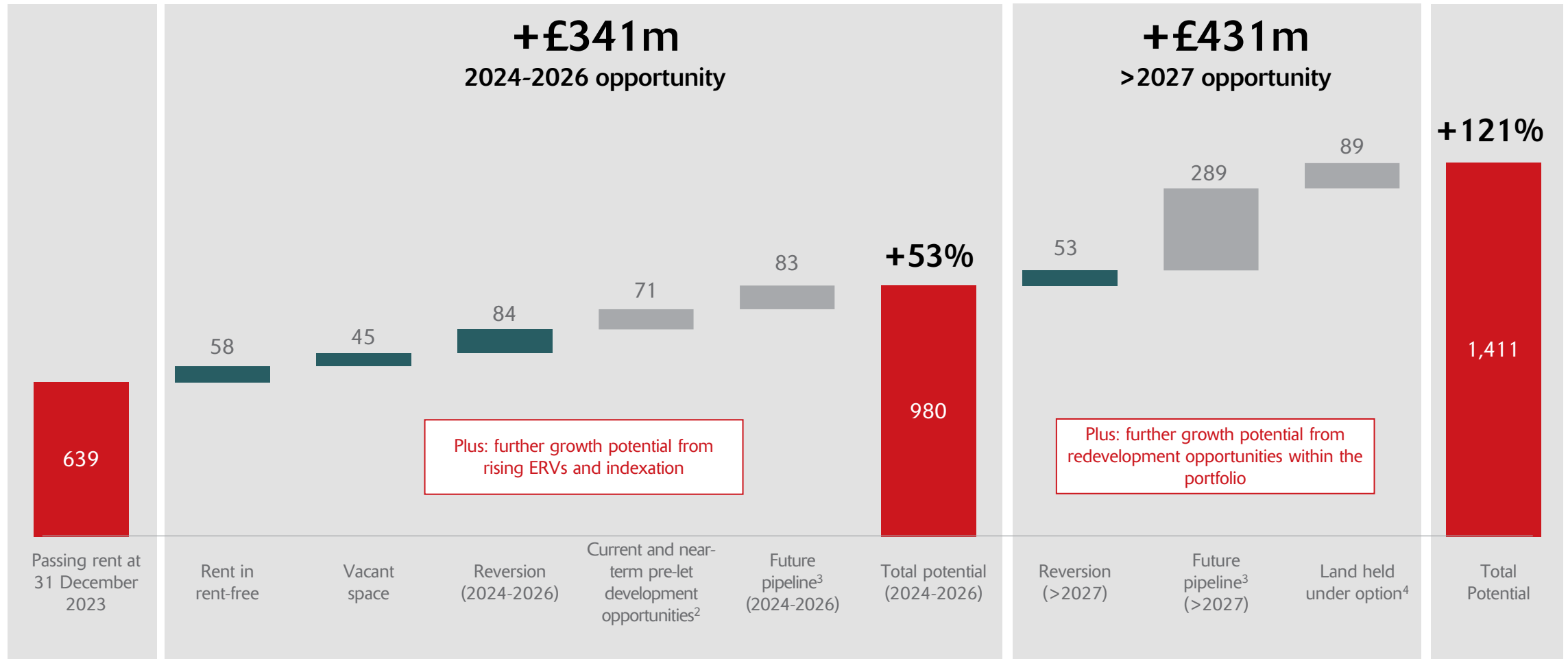
Slough Trading Estate is the second largest hub of data centres globally and home to:





# 53% POTENTIAL RENTAL GROWTH OVER NEXT 3 YEARS

Annualised gross cash passing rent<sup>1</sup>, £ million  
(as at 31 December 2023)

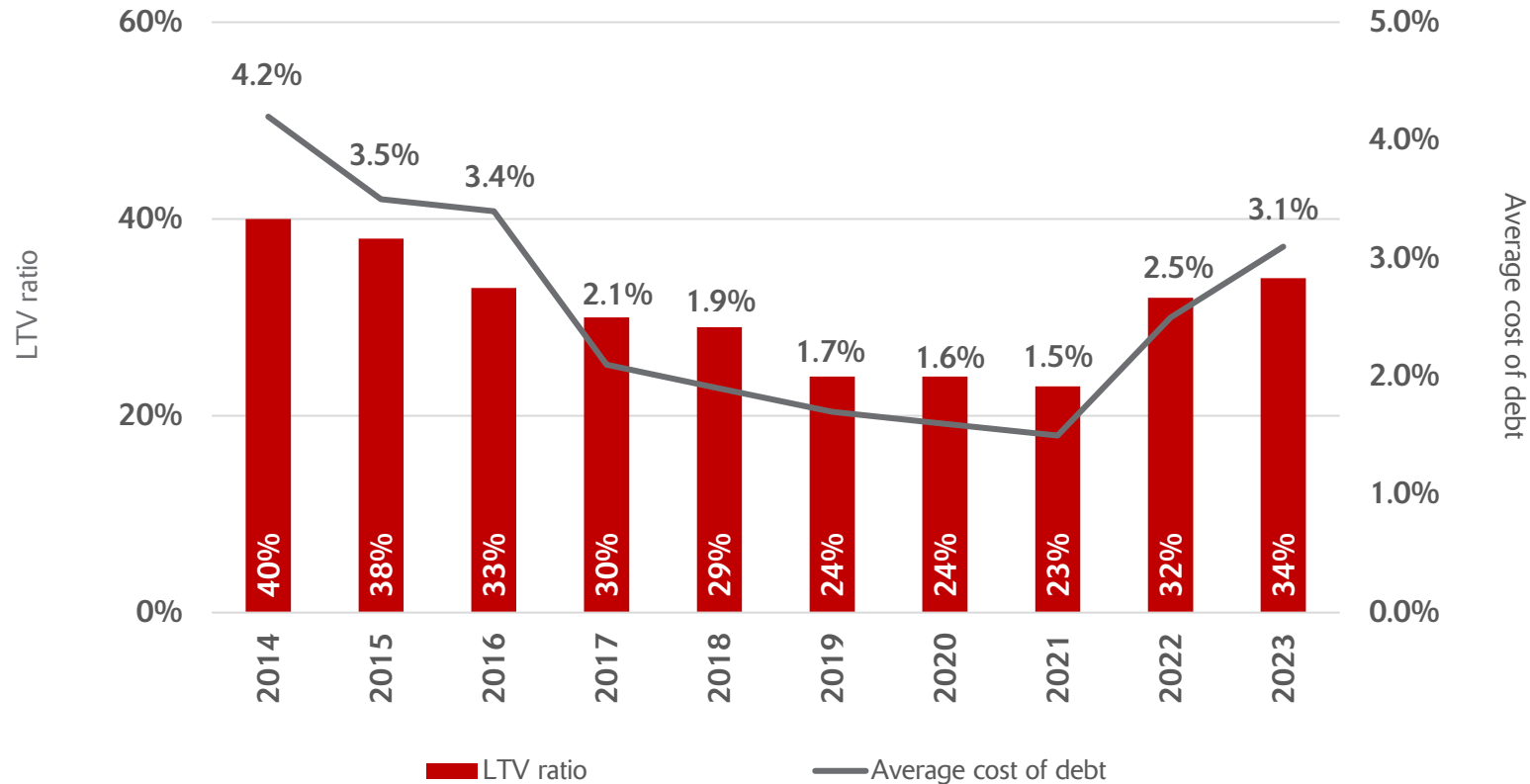


# FURTHER RENTAL GROWTH TO COME FROM FAVOURABLE OCCUPIER MARKET

Property Type	Region	% of portfolio <sup>1</sup>	Supply–demand balance	2016-2023 average ERV growth	Pre-2021 average ERV growth <sup>2</sup>	Future ERV growth expectations
Urban warehouses	UK	52%	FAVOURABLE	7.3%	4.4%	3-6% pa
	Continental Europe	14%	FAVOURABLE	3.6%	1.8%	
Big box warehouses	UK	9%	FAVOURABLE	4.5%	1.8%	2-4% pa
	Continental Europe	23%	FAVOURABLE	3.7%	1.2%	

# STRONG BALANCE SHEET

LTV ratio and average cost of debt  
(incl share of joint ventures), 2014-23



**£1.8bn committed liquidity**  
cash and available committed  
bank facilities

**A-** (Fitch senior unsecured)  
credit rating

**10.4x**  
net debt/EBITDA

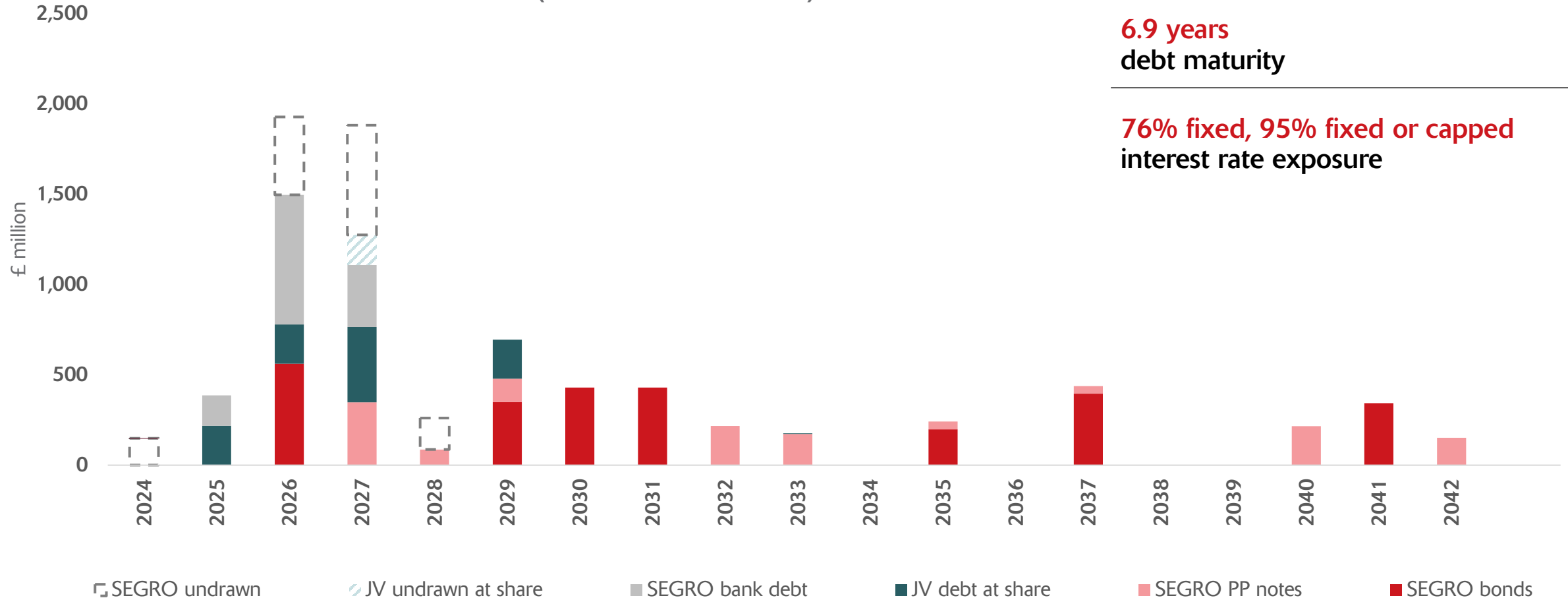
**3.0x**  
interest cover

**Estimated development capex:**  
2024: c. £600 million

**Disposals run rate:**  
1-2% of GAV per annum

# LOW REFINANCING RISK

Diverse, long duration debt profile  
(as at 31 December 2023)



**6.9 years**  
debt maturity

**76% fixed, 95% fixed or capped**  
interest rate exposure

# SEGRO PRIMED FOR FURTHER PROFITABLE GROWTH



# APPENDIX

# FULL YEAR 2023 FINANCIAL RESULTS

**£409m**

Adjusted profit before tax  
+6.0%

**32.7p**

Adjusted earnings per share<sup>1</sup>  
+5.5%

**27.8p**

Dividend per share  
+5.7%

**£17.8bn**

Portfolio valuation  
-4.0%<sup>2</sup>

**907p**

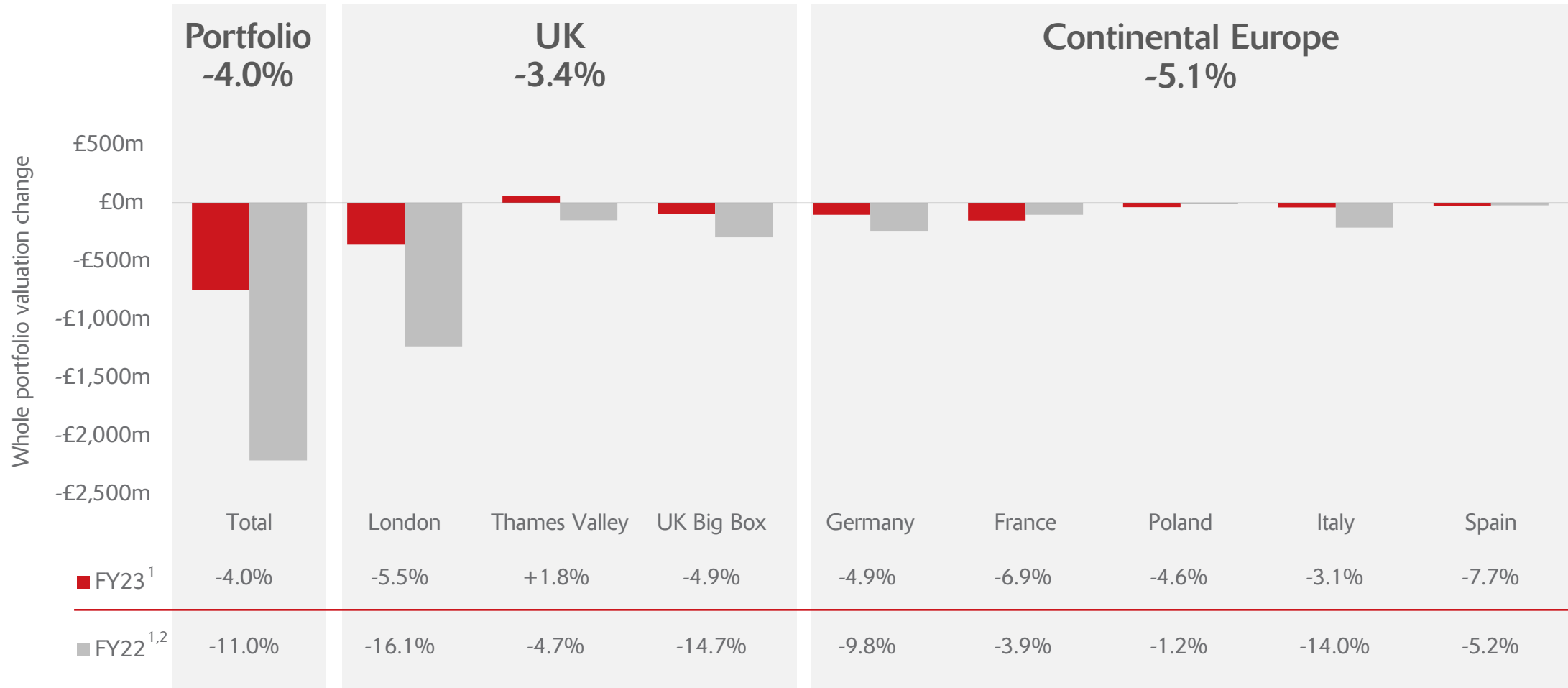
Adjusted NAV per share<sup>3</sup>  
-6.1%

**34%**

Loan to value  
+2.0%

# FY23 VALUATION DECLINE DUE TO YIELD EXPANSION

Portfolio value<sup>1</sup> at 31 December 2023: £17.8 billion (at share)



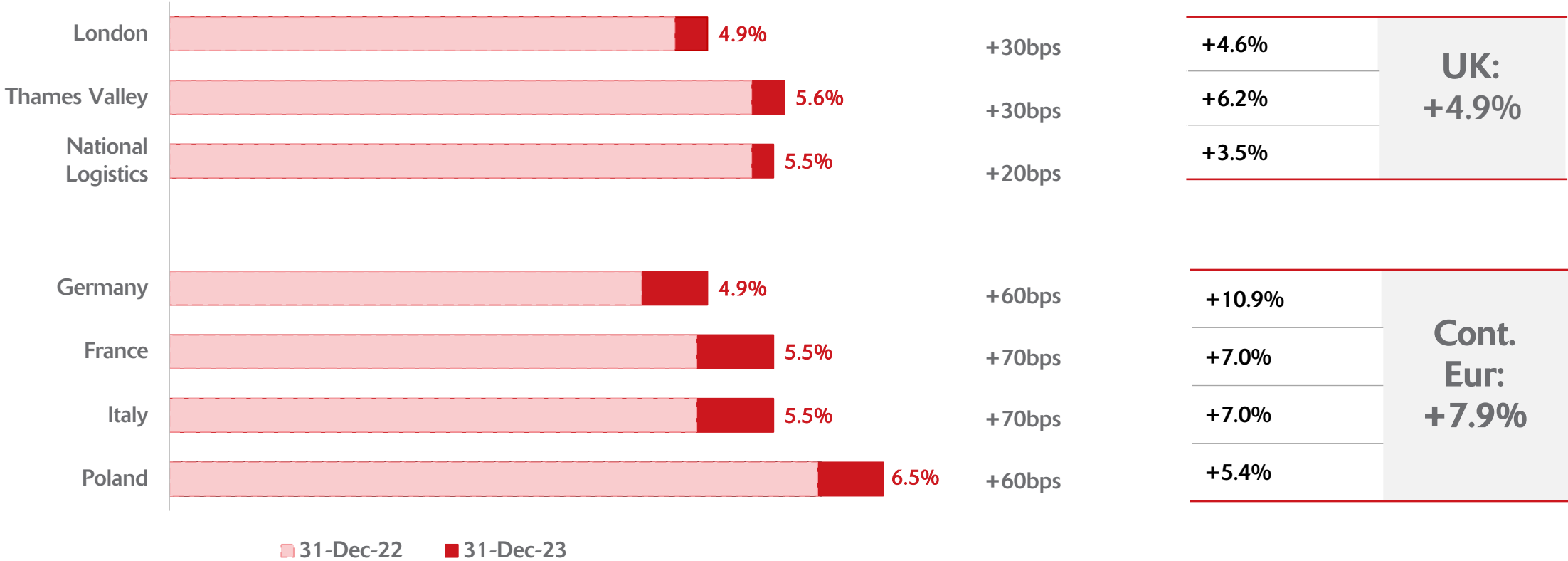


# SEGRO PORTFOLIO YIELD AND RENTAL GROWTH PROFILE

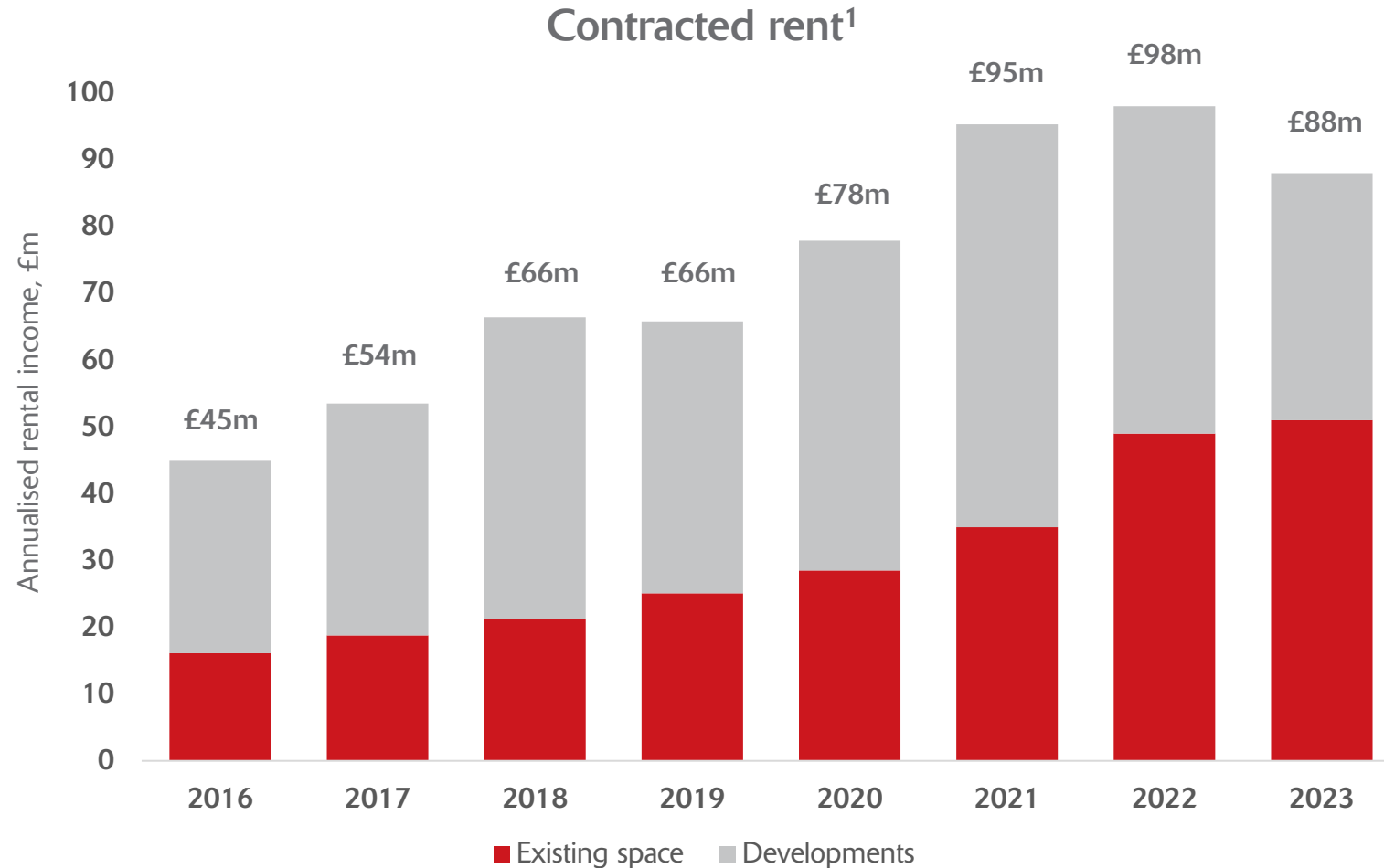
Property yield<sup>1</sup>: 5.3%  
(+50bps)

Yield change

ERV growth<sup>2</sup>: +6.0%



# £88M OF NEW RENT CONTRACTED IN 2023

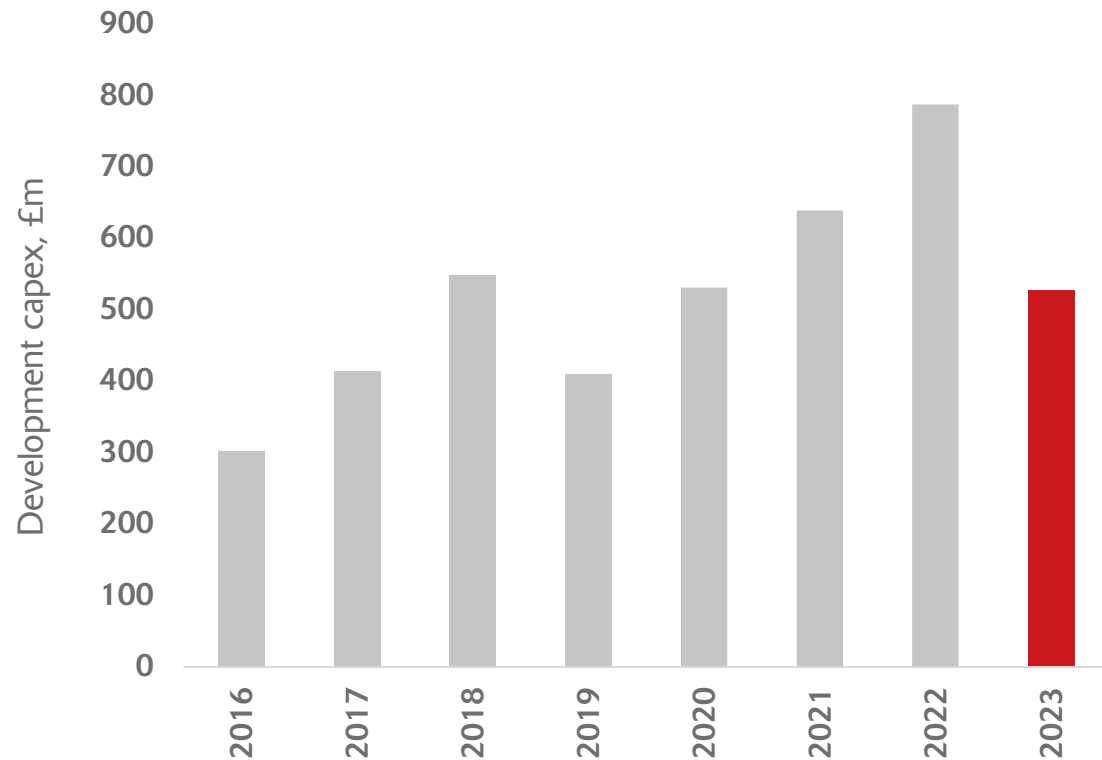


RENAULT

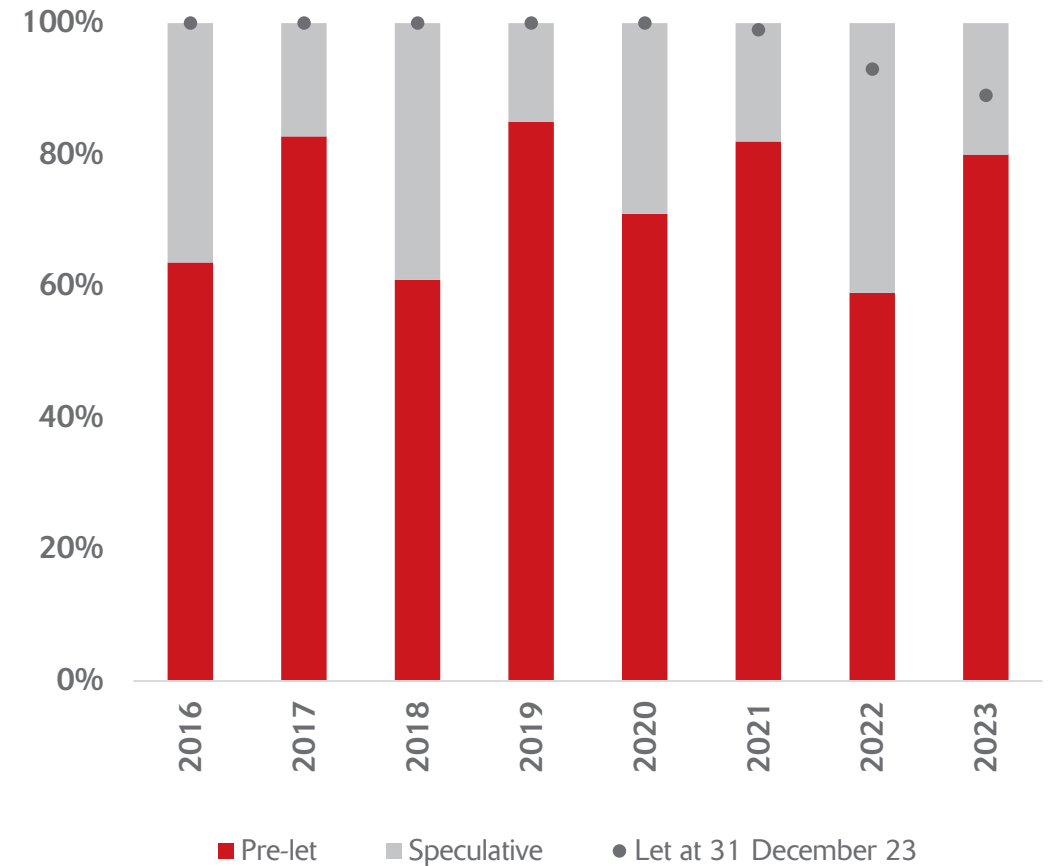


# ENHANCED, DE-RISKED DEVELOPMENT PROGRAMME

## Development-led growth<sup>1</sup>



## The majority of which is pre-let



# >£530 MILLION OF POTENTIAL RENTAL INCOME FROM FUTURE DEVELOPMENT

SEGRO land bank (31 December 2023)



Potential annualised gross rent from current, near-term and future pipeline<sup>5</sup>, by asset type (£443 million at 31 December 2023)

Big box (50%)

Urban (49%)

Other (1%)

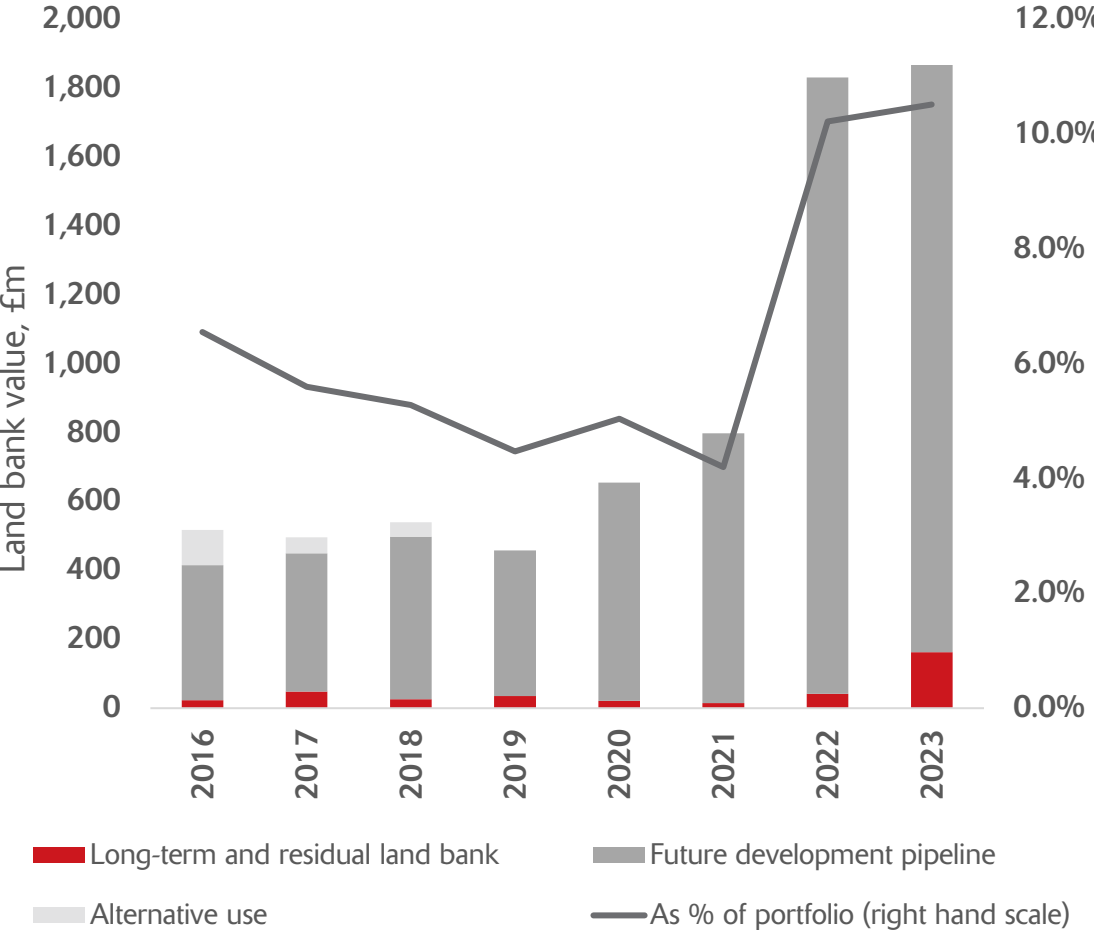
Development pipeline	Area (sq m)	Estimated cost to complete (£m)	Potential gross rent (£m)	Development yield <sup>3</sup>	Proportion pre-let	Expected delivery
Current	415,155	183 <sup>2</sup>	51	7.3%	62%	1-12 months
Near-term pre-lets <sup>1</sup>	208,693	159	20	7.6%	100%	12-18 months
Future <sup>1</sup>	3.5m	3,507	372	7.2%	-	1-7 years
<b>Total</b>	<b>4.1m</b>	<b>3,849</b>	<b>443</b>	<b>7.3%</b>	<b>-</b>	<b>1-10 years</b>
Optioned land <sup>4</sup>	c830,000		c89		-	1-10 years

Potential annualised gross rent from current, near-term and future pipeline<sup>5</sup>, by region (£443 million at 31 December 2023)

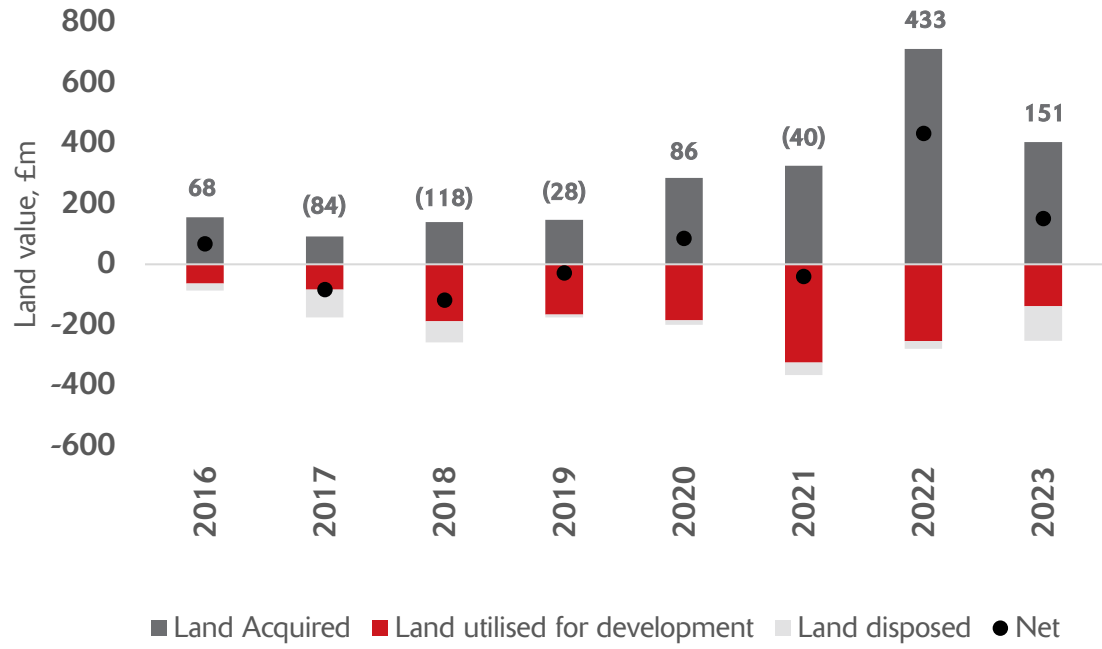
UK (58%)

Continental Europe (42%)

# LAND BANK PROVIDES OPTIONALITY AND OPPORTUNITY FOR GROWTH

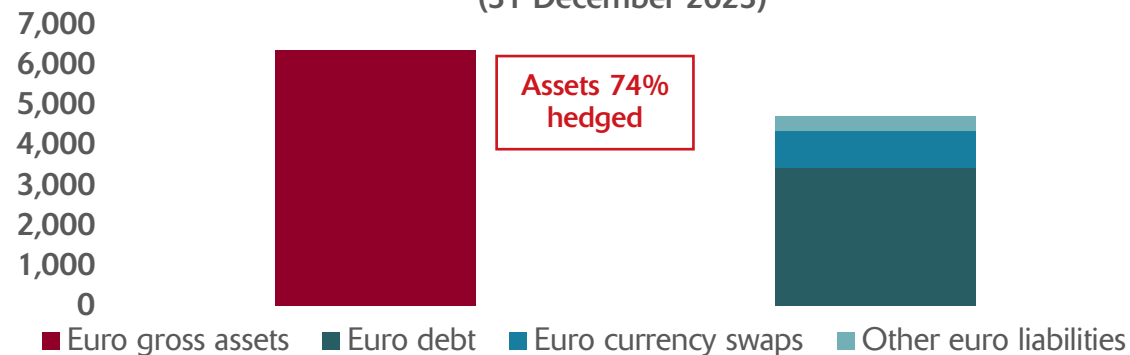


**Net land utilisation, 2016-2023**  
(Based on opening book value or acquisition value)



# EURO CURRENCY EXPOSURE AND HEDGING

Balance sheet, £m  
(31 December 2023)



Income Statement, £m  
(12 months to 31 December 2023)



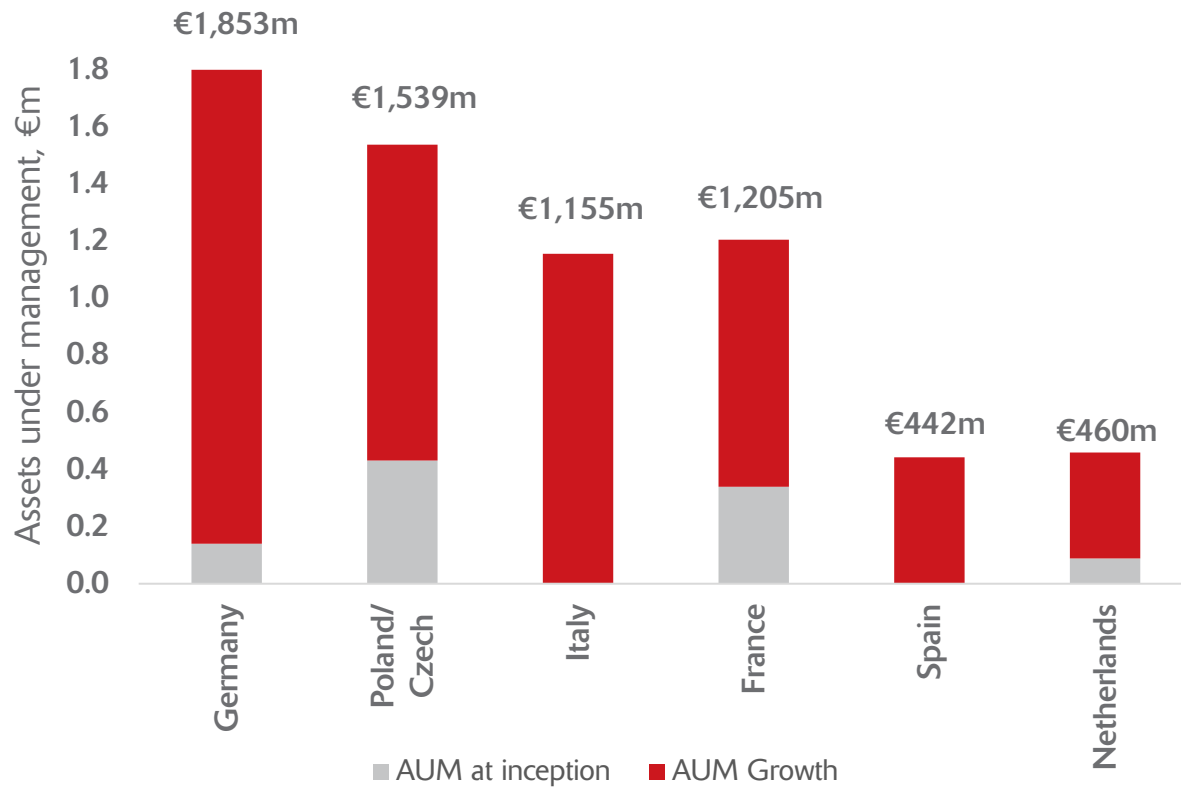
- €1.15:£1 as at 31 December 2023
- € assets 74% hedged by € liabilities
- €1.9bn (£1.7bn) of residual exposure – 15% of Group NAV
- Illustrative NAV sensitivity vs €1.15:
  - +5% (€1.21) = -£79m (-c.6.5 pence per share)
  - -5% (€1.09) = +£87m (+c.7.1 pence per share)

- Loan to Value (on look-through basis) at €1.15:£1 is 34%,
- Sensitivity vs €1.15:
  - +5% (€1.21) LTV -0.6%
  - -5% (€1.09) LTV +0.7%

- Average rate for 12 months to 31 December 2023 €1.15:£1
- € income 52% hedged by € expenditure (including interest)
- Net € income for the period €117m (£101m) – 39% of Group
- Illustrative annualised net income sensitivity versus €1.15
  - +5% (€1.21) = -£4.8m (c.0.4 pence per share)
  - -5% (€1.09) = +5.3m (c.0.4 pence per share)

# SEGRO EUROPEAN LOGISTICS PARTNERSHIP (SELP) HEADLINE FIGURES

Assets under Management  
(as at 31 December 2023)



Land and assets  
**€6.7bn**

Net true equivalent yield  
**5.5%**

Capital value change  
**-5.1%**

ERV growth  
**9.3%**

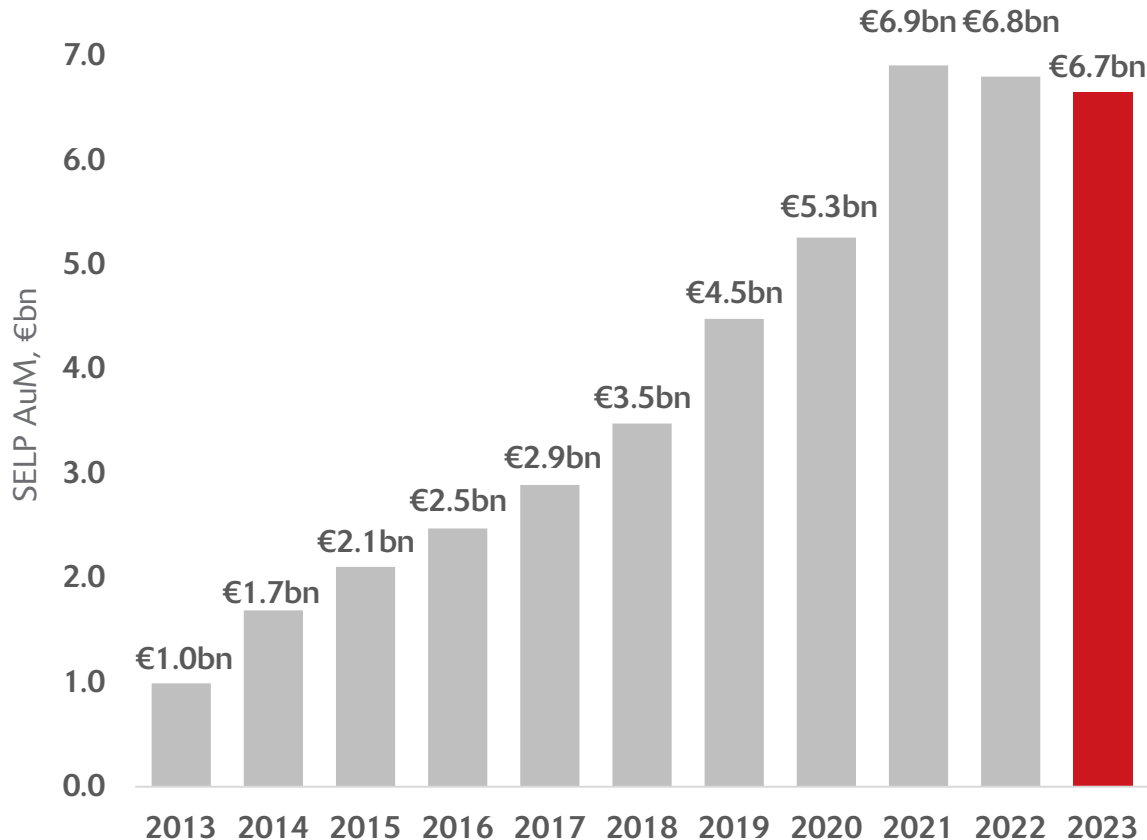
Headline rent  
**€342m**

ERV  
**€387m**

Occupancy rate  
**99%**

LTV ratio  
**36%**

# 10-YEAR SELP PERFORMANCE



**€6.7bn AuM**  
from €1.0bn in 2013

**€342m headline rent**  
from €81m in 2013

**99%**  
Occupancy

**12.7%**  
10-year gross IRR

**€103m performance fee**  
£44m net benefit to SEGRO (excluded from  
Adjusted profit and earnings)



# POSITIONING SEGRO TO DELIVER ON ITS PURPOSE

	Championing Low-carbon growth	Investing in our local communities and environments	Nurturing talent
Context	<p>SEGRO recognises that the world faces a climate emergency and we are committed to playing our part in tackling climate change, by limiting global temperature rise to less than 1.5°C, in tandem with growth in our business and the wider economy.</p>	<p>SEGRO is an integral part of the communities in which it operates, and we are committed to contributing to their long-term vitality.</p>	<p>SEGRO’s people are vital to and inseparable from its success, and we are committed to attracting, enhancing and retaining a diverse range of talented individuals in our business.</p>
Targets	<p><b>We will become a net-zero carbon business.</b></p>	<p><b>We will create and implement Community Investment Plans for every key market in our portfolio by 2025.</b></p>	<p><b>We will increase the overall diversity of our own workforce throughout the organisation:</b></p> <ul style="list-style-type: none"> <li>• 2025 target of 40% for women in senior leadership roles</li> <li>• 2027 target of 15% for ethnic minorities in senior leadership roles</li> </ul>
Actions	<p>We will aim to reduce carbon emissions from our development activity and the operation of our existing buildings and eliminate them where possible. We will implement plans to absorb any residual carbon. We will research and implement innovative approaches to absorb or offset residual carbon.</p>	<p>We will work with our customers and suppliers to support our local businesses and economies.</p> <p>We will help improve the skills of local people to enhance their career and employment opportunities, by investing in local training programmes.</p> <p>Equally, we will enhance the spaces around our buildings, working with local partners to ensure we meet the needs of our communities.</p>	<p>We will provide a healthy and supportive working environment, develop fulfilling and rewarding careers, foster an inclusive culture and build diverse workforce.</p>

# DECARBONISATION TRACKING AHEAD OF SBTi TARGETS

## Corporate and customer emissions



**19%**  
reduction  
since 2020<sup>1</sup>

- 81% visibility of customer energy data (+19%)
- 34% increase (15MW) in solar capacity to 59 MW through:
  - new developments
  - refurbishment and retrofits
  - planning additional 25 MW in 2024

**254,168 tCO<sub>2</sub>e (absolute)**

## Embodied carbon intensity of developments



**13%**  
reduction  
since 2020<sup>1</sup>

- Embodied carbon assessed with Building Information Modelling on all new developments
- 92% of new developments rated BREEAM 'Excellent' or better (99% 'Very Good' or better)

**348 kgCO<sub>2</sub>e per sq m (average intensity)**

# FORWARD-LOOKING STATEMENTS AND DISCLAIMER

This Presentation does not constitute an offer to sell or an invitation to buy securities in SEGRO or an invitation or inducement to engage in or enter into any contract or commitment or other investment activity. No part of this Presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

This Presentation may contain certain forward-looking statements with respect to SEGRO's expectations and plans, strategy, management objectives, future developments and performance, costs, revenues and other trend information. Some of these forward-looking statements may be based on data provided by third parties. All forward-looking statements are subject to assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties relates to factors that are beyond SEGRO's ability to control or estimate precisely and which could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Certain statements have been made with reference to forecast process changes, economic conditions and the current regulatory environment. Any forward-looking statements made by or on behalf of SEGRO are based upon the knowledge and information available to Directors as at the date of the statement. Accordingly, no assurance can be given that any particular expectation will be met and you are cautioned not to place undue reliance on the forward-looking statements. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The information contained in this Presentation, including information provided by third parties, is given as at the date of this Presentation and is subject to change without notice. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority), SEGRO does not undertake to update any forward-looking statements, including to reflect any new information or changes in events, conditions or circumstances on which any such statement is based.

Past share performance cannot be relied on as a guide to future performance. Nothing in this Presentation should be construed as a profit estimate or profit forecast.

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February 2024