



# INVESTMENT CASE



AUGUST 2023



# SEGR

UK FTSE 100 LISTED COMPANY

ESTABLISHED IN 1920

SEGR IS THE UK'S LARGEST LISTED REIT

**10.3 MILLION**  
SQ M OF SPACE

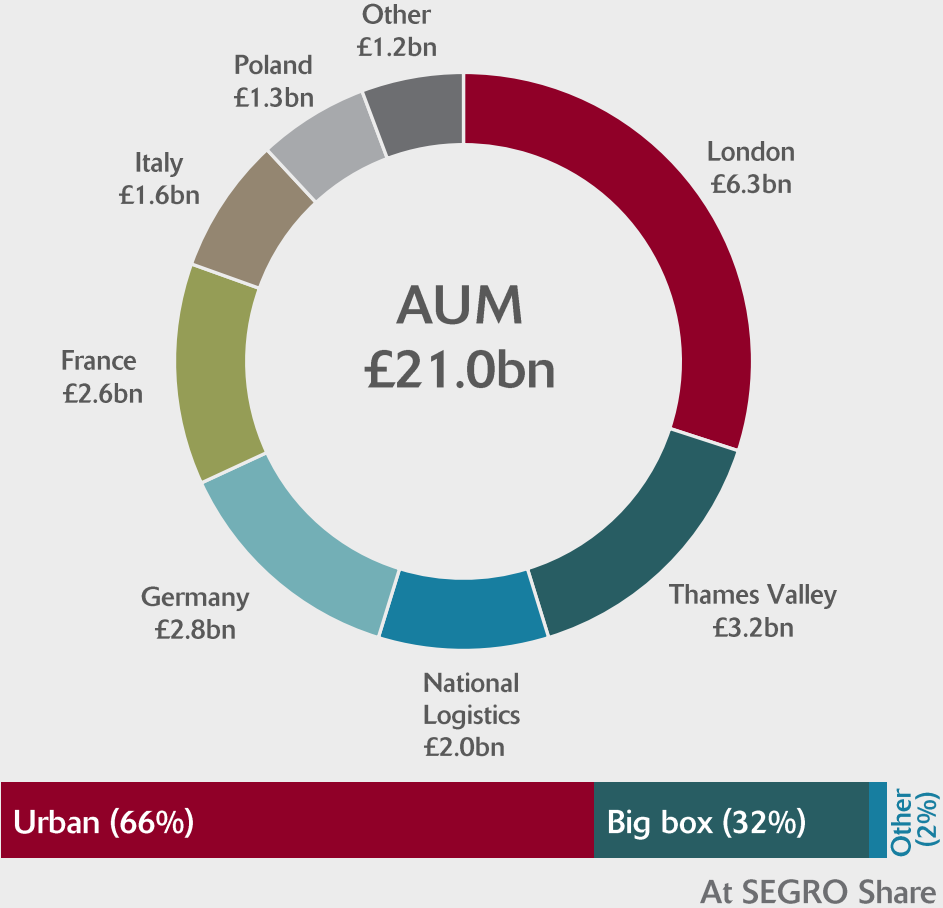
**8**  
COUNTRIES

**£21.0 BILLION**  
OF ASSETS UNDER  
MANAGEMENT

**1,444**  
CUSTOMERS

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

Portfolio split by geography and asset type  
(at 30 June 2023)



# URBAN AND BIG BOX WAREHOUSES – COMPLEMENTARY ASSET TYPES

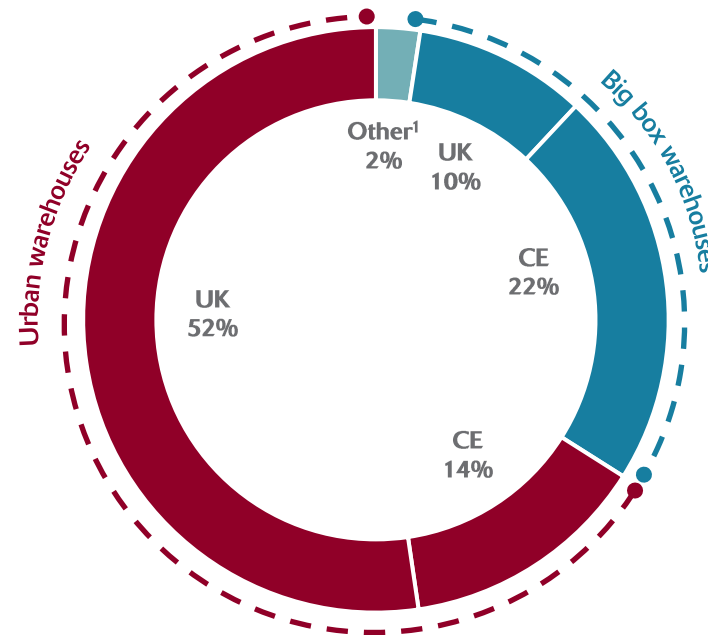
## Urban warehouses (66%)

- 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 30 June 2023



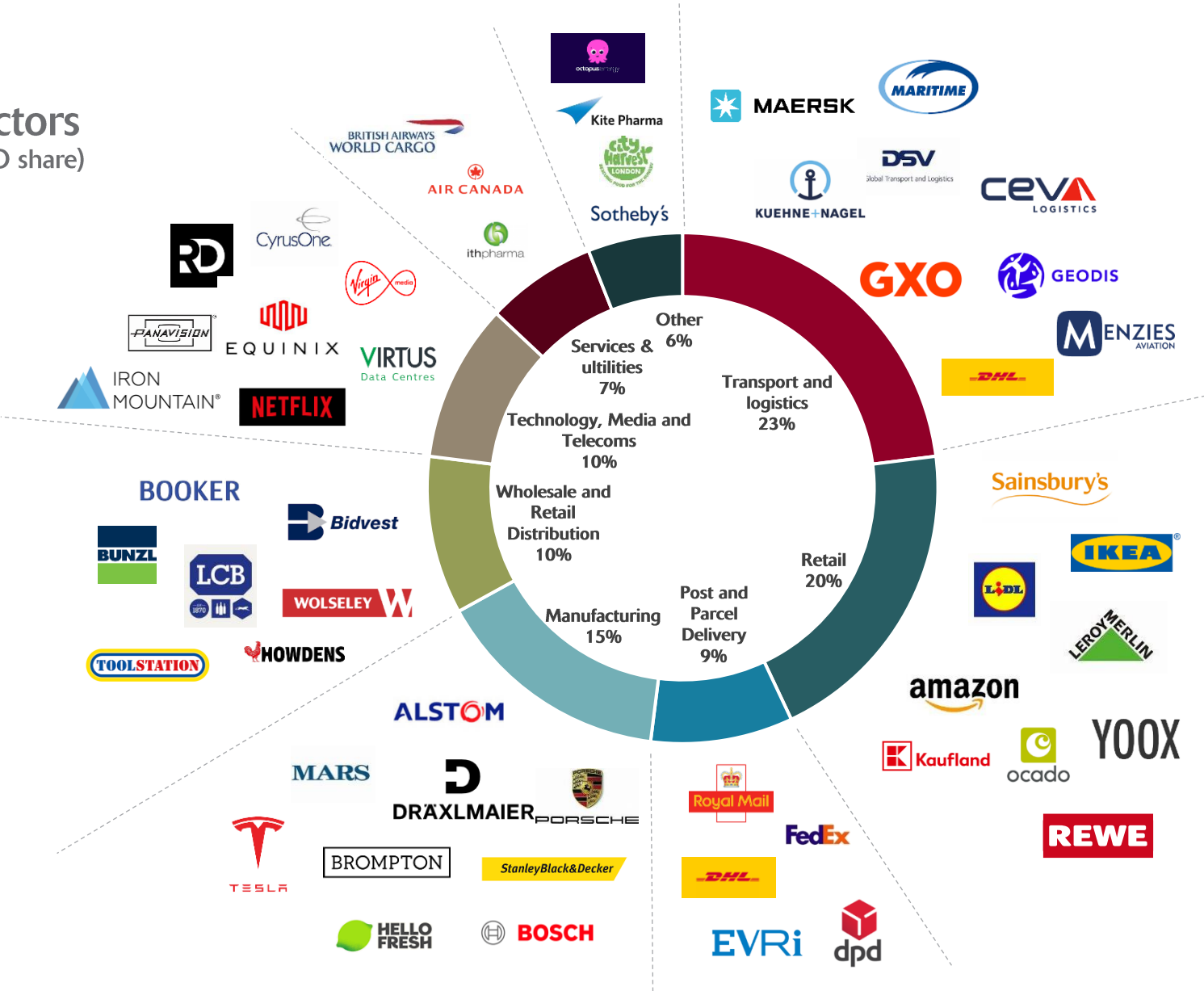
## Big boxes (32%)

- 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)



1,444 customers

Top 20 customers = 32% of total group headline rent

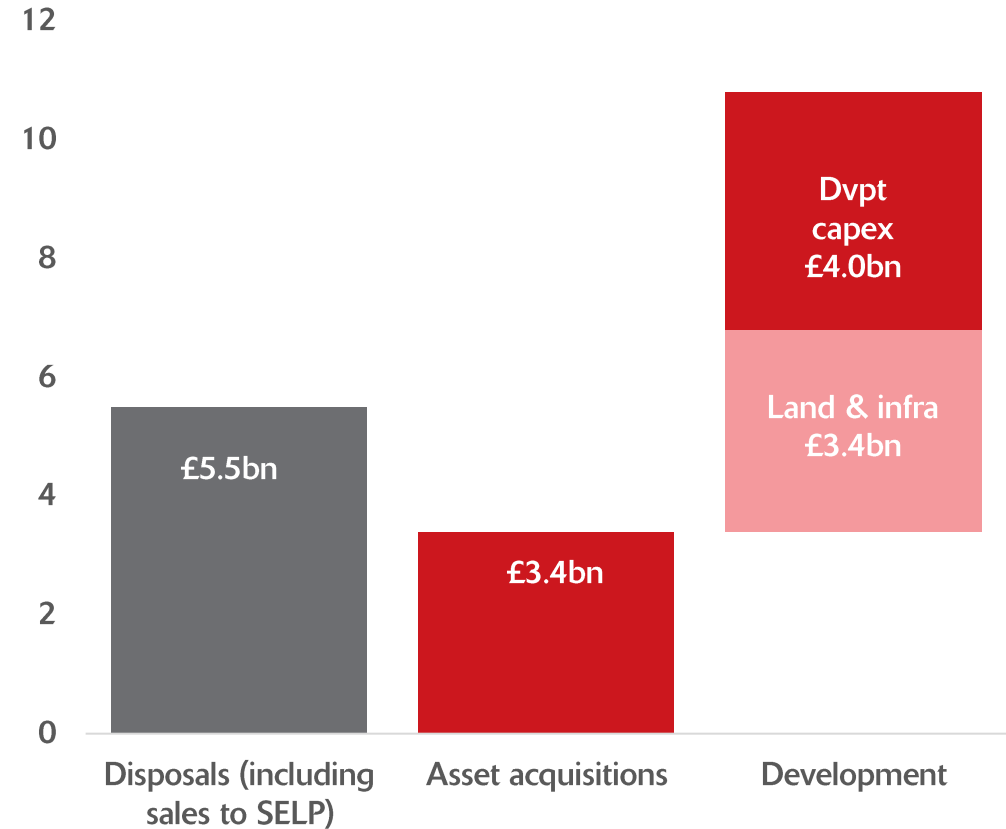
No single customer > 7% of total group headline rent

# A CLEAR AND SUCCESSFUL STRATEGY

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

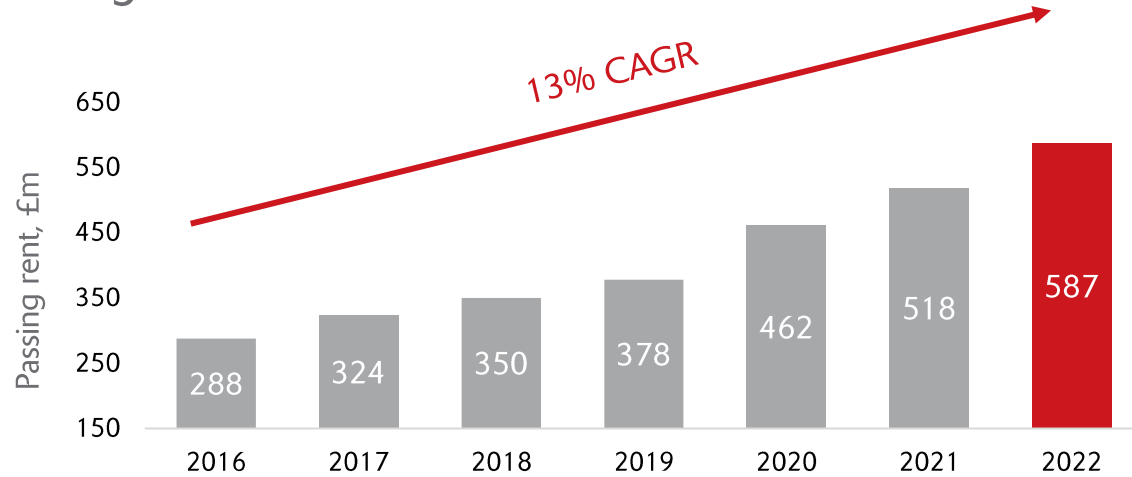


Disposal and investment activity since 1 January 2012 (£bn)

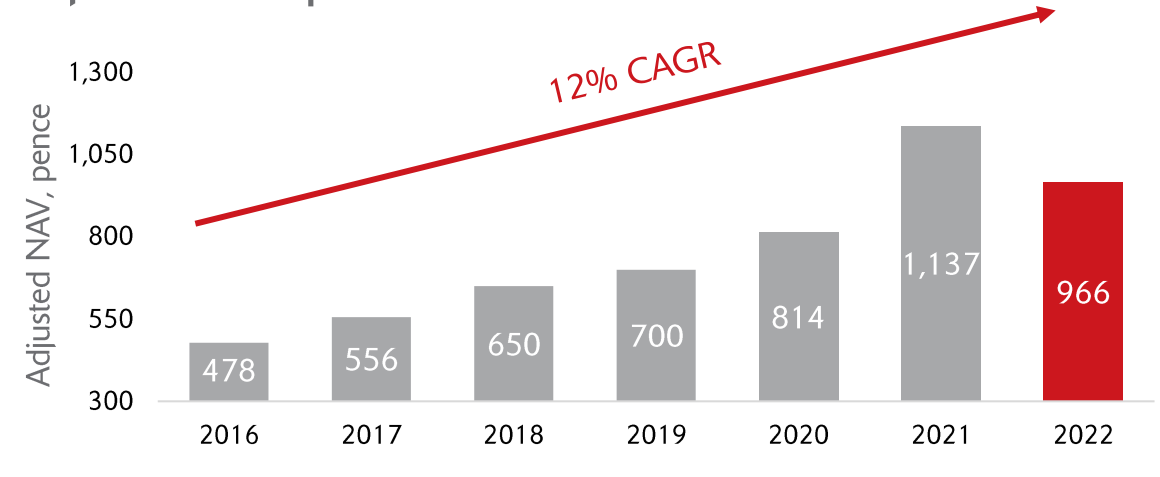


# CONSISTENTLY DELIVERING STRONG RETURNS

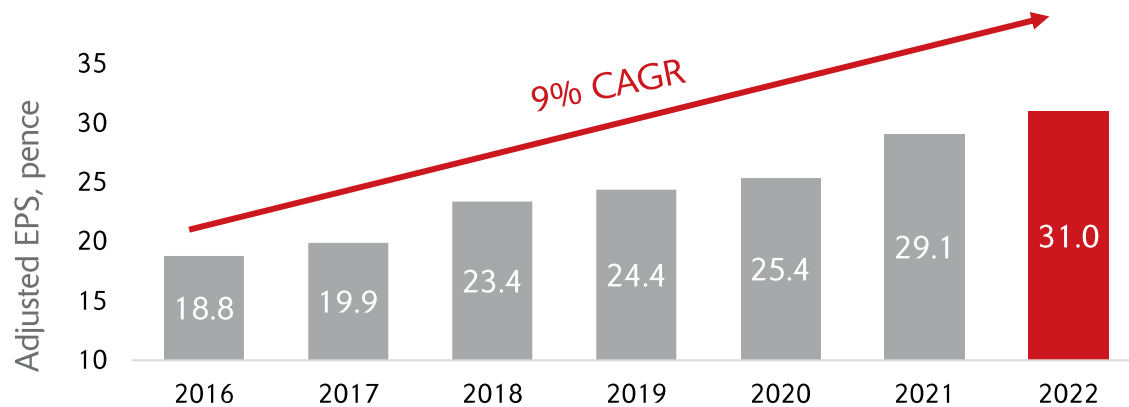
## Passing Rent



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

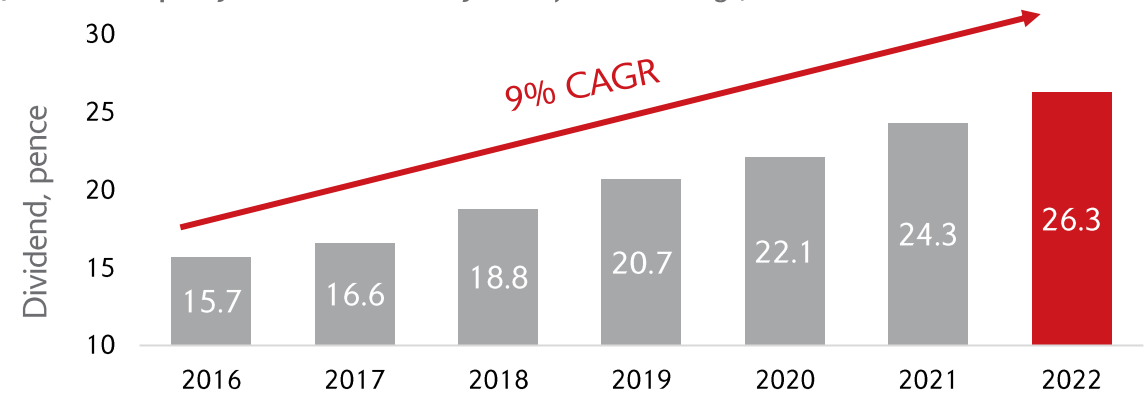


## Adjusted earnings per share<sup>2</sup>



## Dividend per share

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



# LONG-TERM STRUCTURAL DRIVERS SUPPORTING DIVERSE OCCUPIER DEMAND



**DATA &  
DIGITALISATION**



**URBANISATION**



**SUPPLY CHAIN  
EFFICIENCY &  
RESILIENCE**

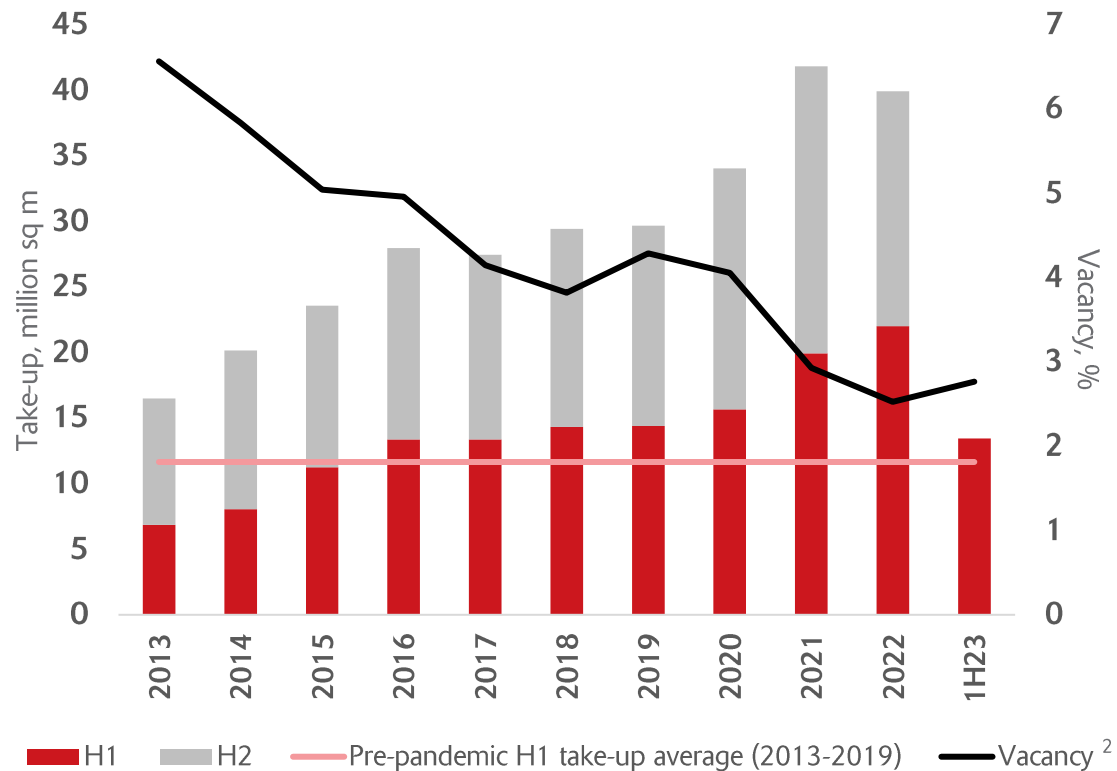


**SUSTAINABILITY**

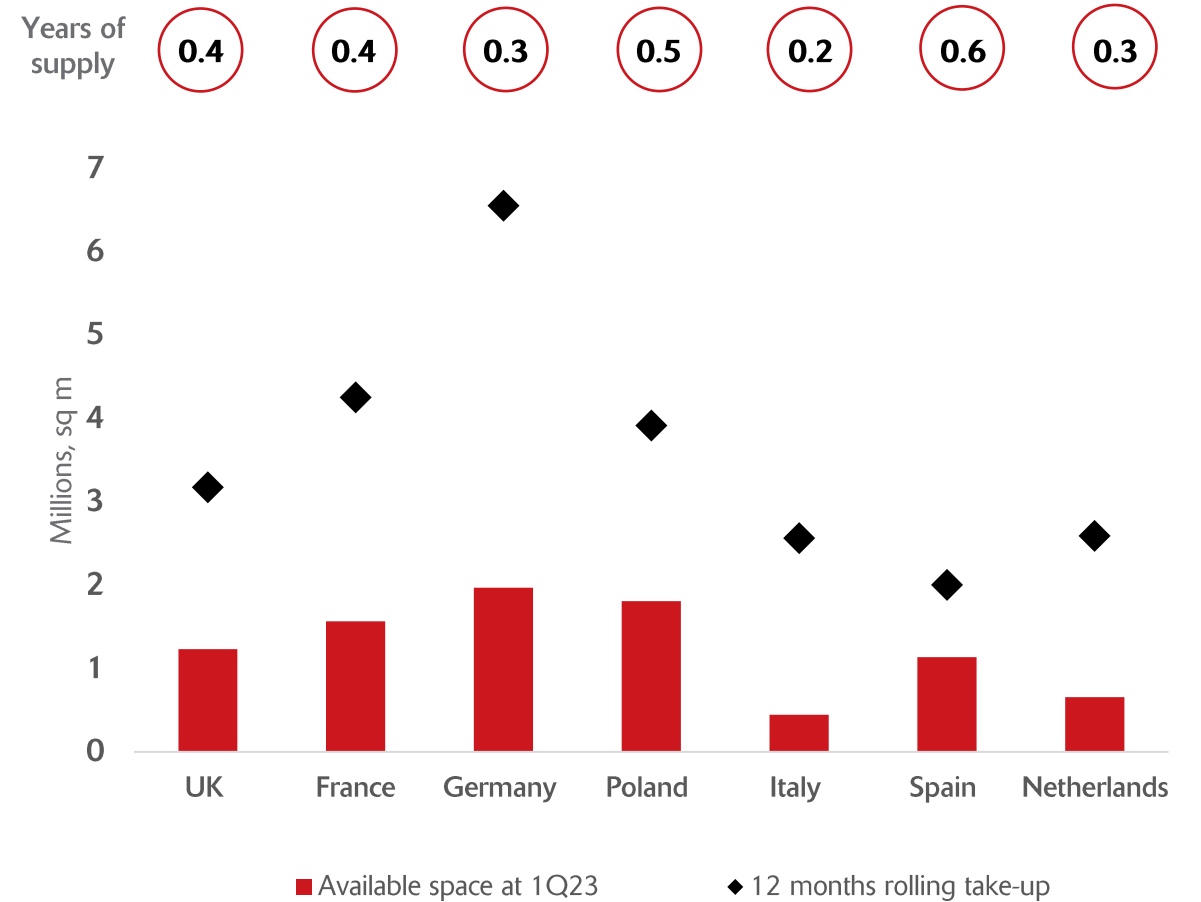


# SUPPLY-DEMAND BALANCE REMAINS FAVOURABLE

European take-up<sup>1</sup> normalising to historical averages, vacancy<sup>2</sup> remains low

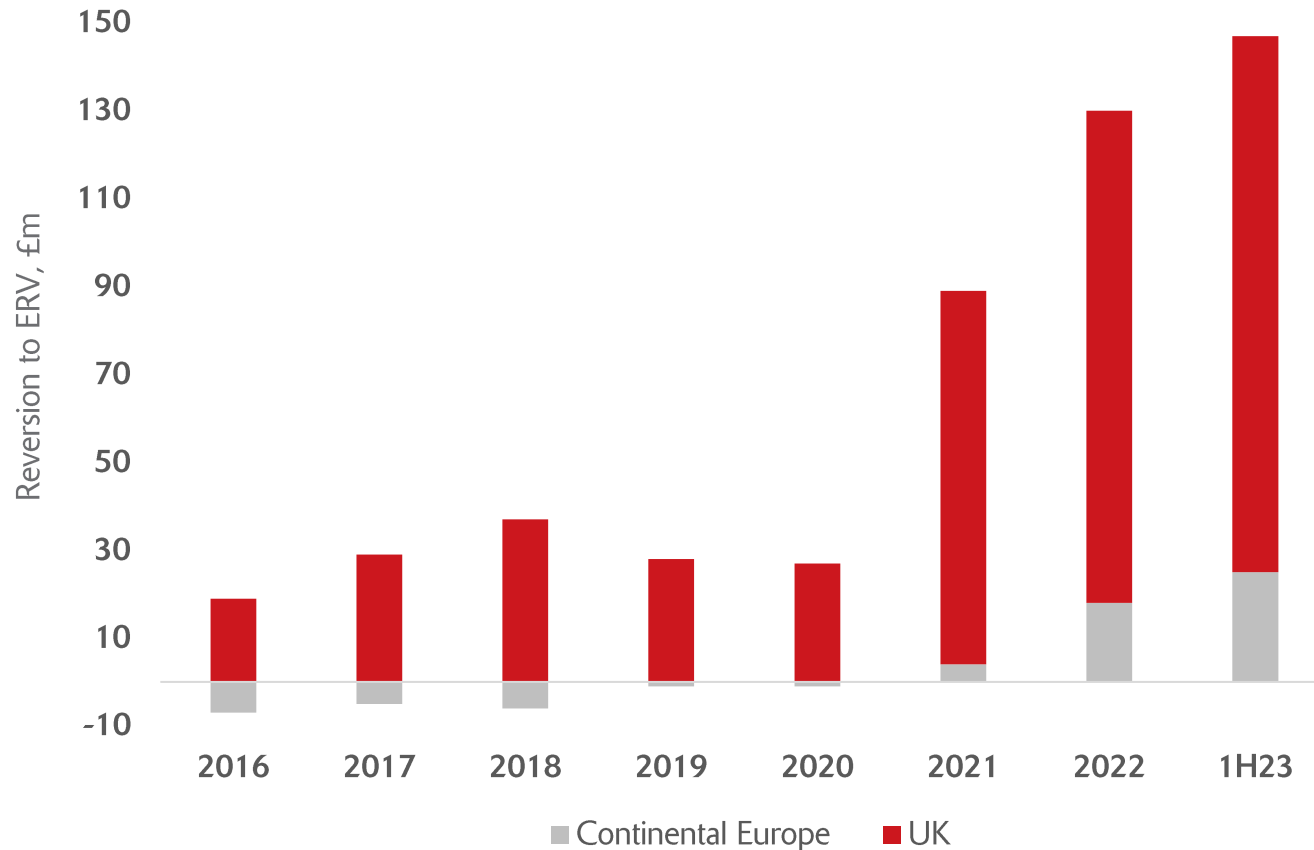


Available space remains less than 1 year of take-up<sup>2</sup>



# £147M REVERSIONARY POTENTIAL TO BE CAPTURED

Accumulated reversion to ERV in the portfolio<sup>1</sup>

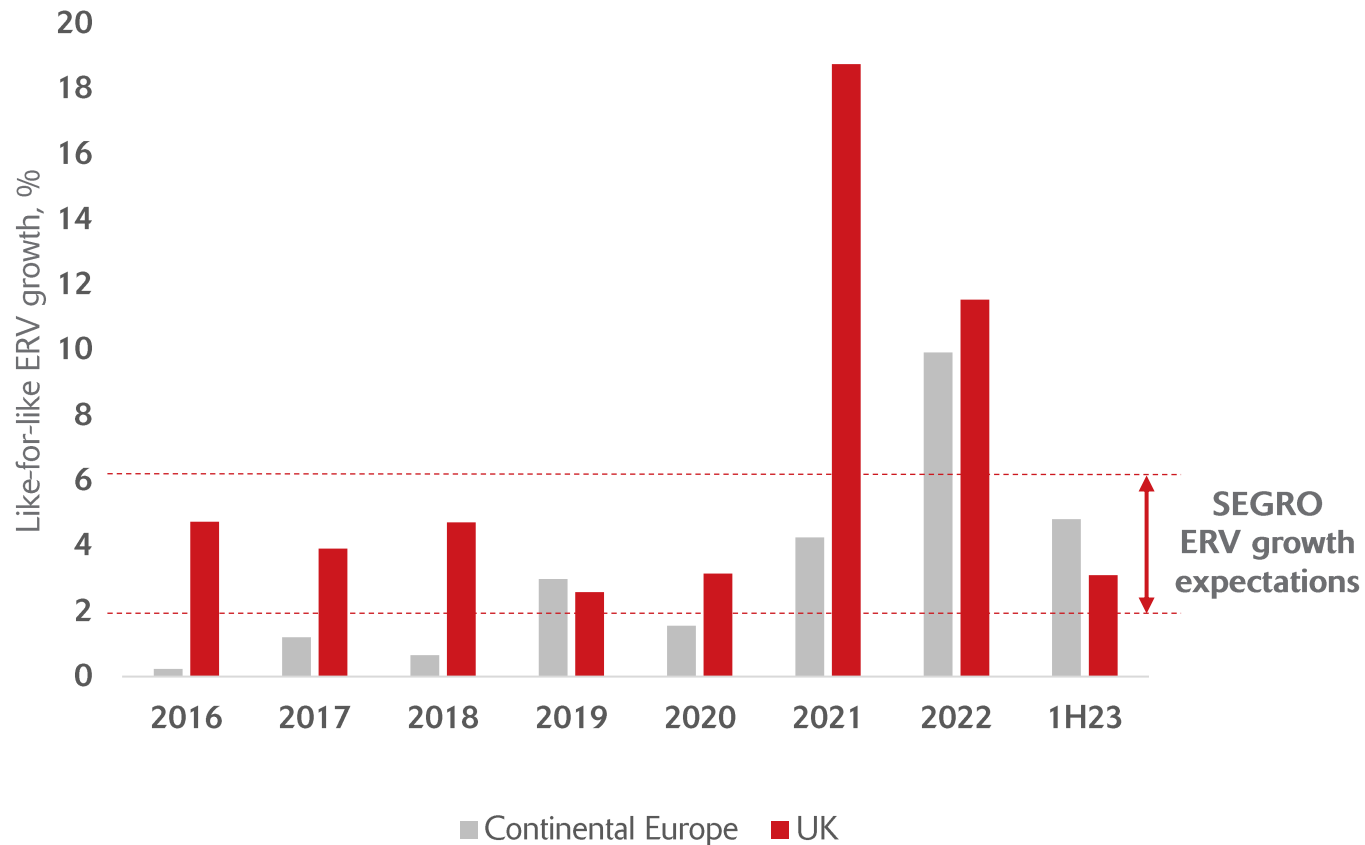


Portfolio 24% reversionary

£57m uplift opportunity over next 18 months

# STRONG MARKET RENTAL GROWTH PROSPECTS

Like-for-like ERV growth



Demand-supply conditions remain favourable for continued rental growth

ERV growth remains above pre-pandemic levels

No change to future expectations

# >£550 MILLION OF POTENTIAL RENTAL INCOME FROM FUTURE DEVELOPMENT

SEGRO land bank (30 June 2023)



Potential annualised gross rent from current, near-term and future pipeline<sup>5</sup>, by asset type (£436 million at 30 June 2023)

Big box (49%)

Urban (48%)

Other (3%)

| 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                         | 616,464     | 271 <sup>2</sup>                | 66                        | 7.2%                           | 65%                | 1-12 months       |
| Near-term pre-lets <sup>1</sup> | 124,281     | 94                              | 10                        | 6.8%                           | 100%               | 12-18 months      |
| Future <sup>1</sup>             | 3.6m        | 3,342                           | 360                       | 7.0%                           | -                  | 1-7 years         |
| <b>Total</b>                    | <b>4.3m</b> | <b>3,707</b>                    | <b>436</b>                | <b>7.0%</b>                    | <b>-</b>           | <b>1-10 years</b> |
| Optioned land <sup>4</sup>      | c1.5m       |                                 | c150                      |                                | -                  | 1-10 years        |

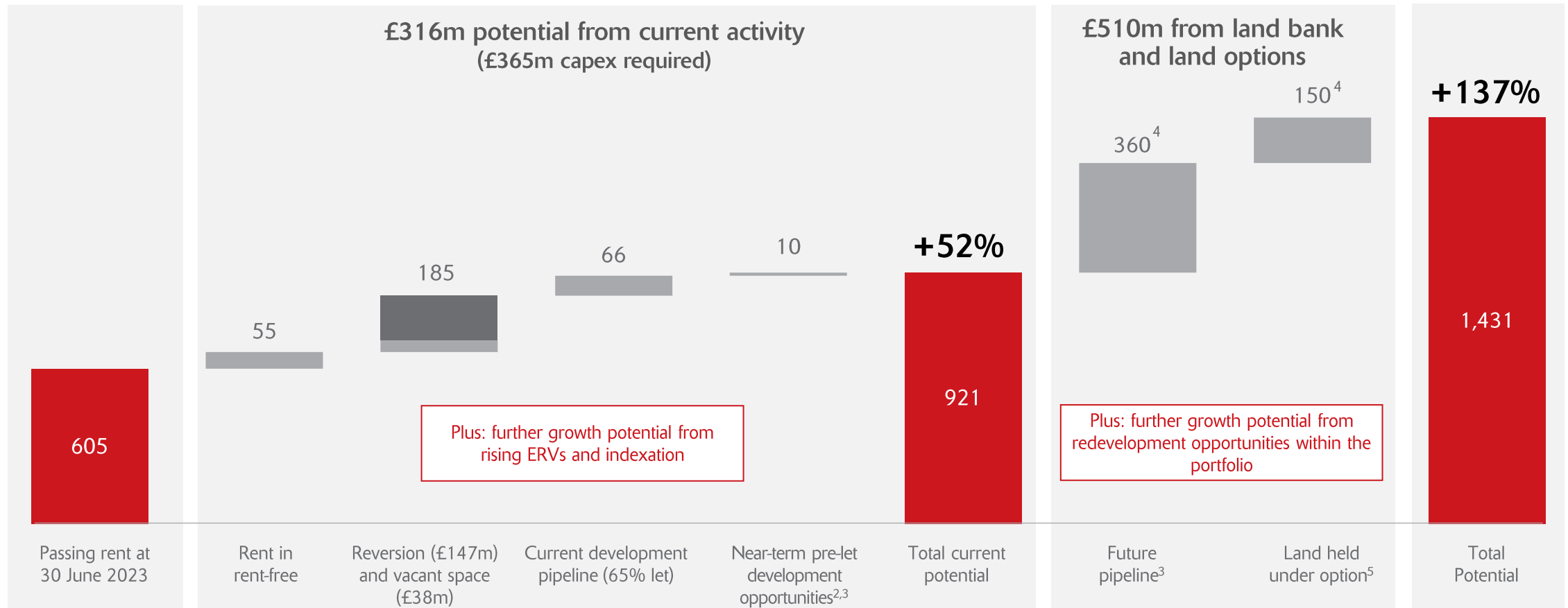
Potential annualised gross rent from current, near-term and future pipeline<sup>5</sup>, by region (£436 million at 30 June 2023)

UK (62%)

Continental Europe (38%)

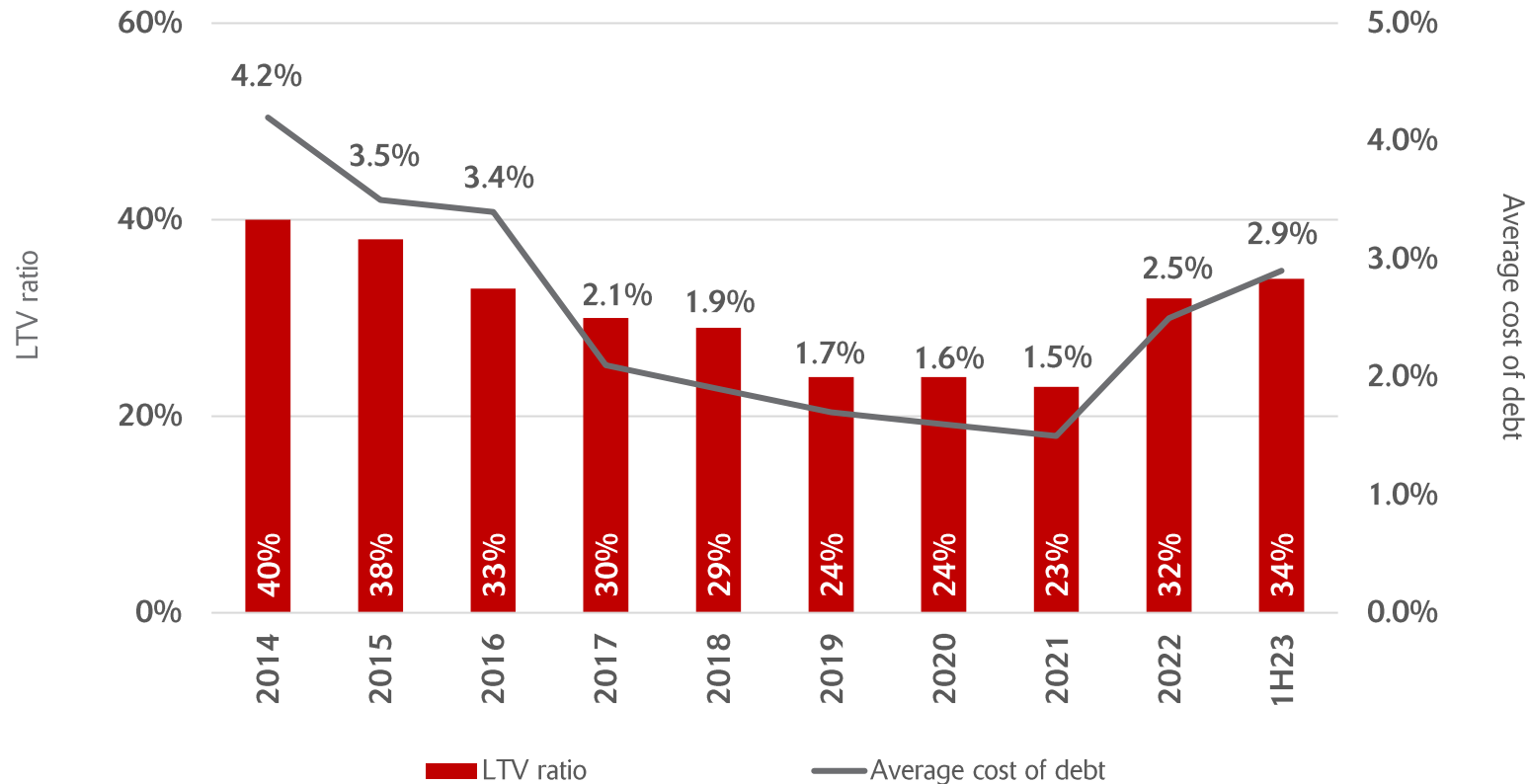
# POTENTIAL >£1.4 BILLION RENTAL INCOME

Annualised gross cash passing rent<sup>1</sup>, £ million  
(as at 30 June 2023)



# STRONG BALANCE SHEET

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



**£1.7bn committed liquidity**  
cash and available bank facilities

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

**12.2x**  
net debt/EBITDA<sup>1</sup>

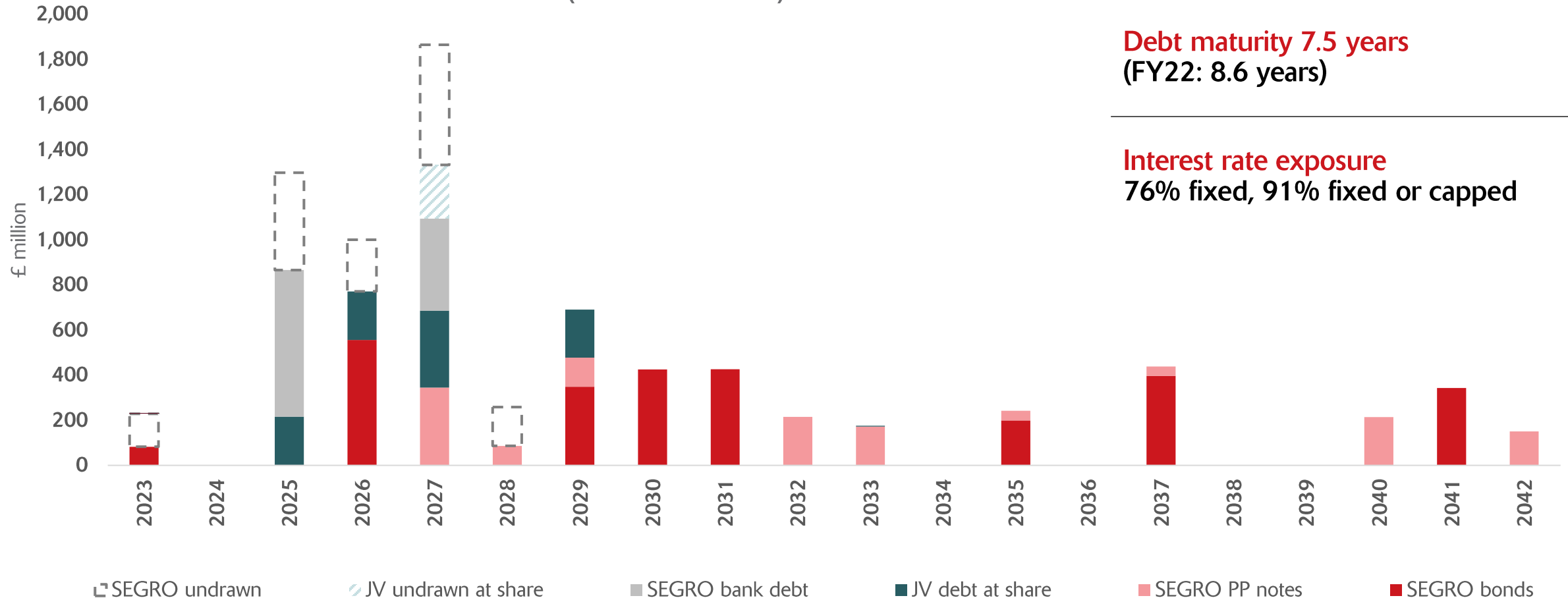
**3.4x**  
interest cover

**Estimated development capex:**  
2023: c. £600 million

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

# LOW REFINANCING RISK

Diverse, long duration debt profile  
(as at 30 June 2023)



# RESPONSIBLE SEGRO INCREASINGLY INTEGRATED THROUGHOUT THE BUSINESS

CHAMPIONING  
LOW-CARBON  
GROWTH

INVESTING IN  
OUR LOCAL  
COMMUNITIES  
AND  
ENVIRONMENTS

NURTURING  
TALENT

SEGRO



SEGRO Park Tottenham, London



# SEGRO STRUCTURALLY ADVANTAGED TO OUTPERFORM



On track for another strong year of rent roll growth

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Significant embedded growth within our portfolio

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Momentum returning to investment markets

# APPENDIX

# RESILIENT H1 2023 FINANCIAL RESULTS

**£198m**

Adjusted profit before tax<sup>1</sup>  
+2.6%

**15.9p**

Adjusted earnings per share<sup>1,2</sup>  
+1.9%

**8.7p**

Dividend per share  
+7.4%

**£18.1bn**

Portfolio valuation  
-1.4%<sup>3</sup>

**937p**

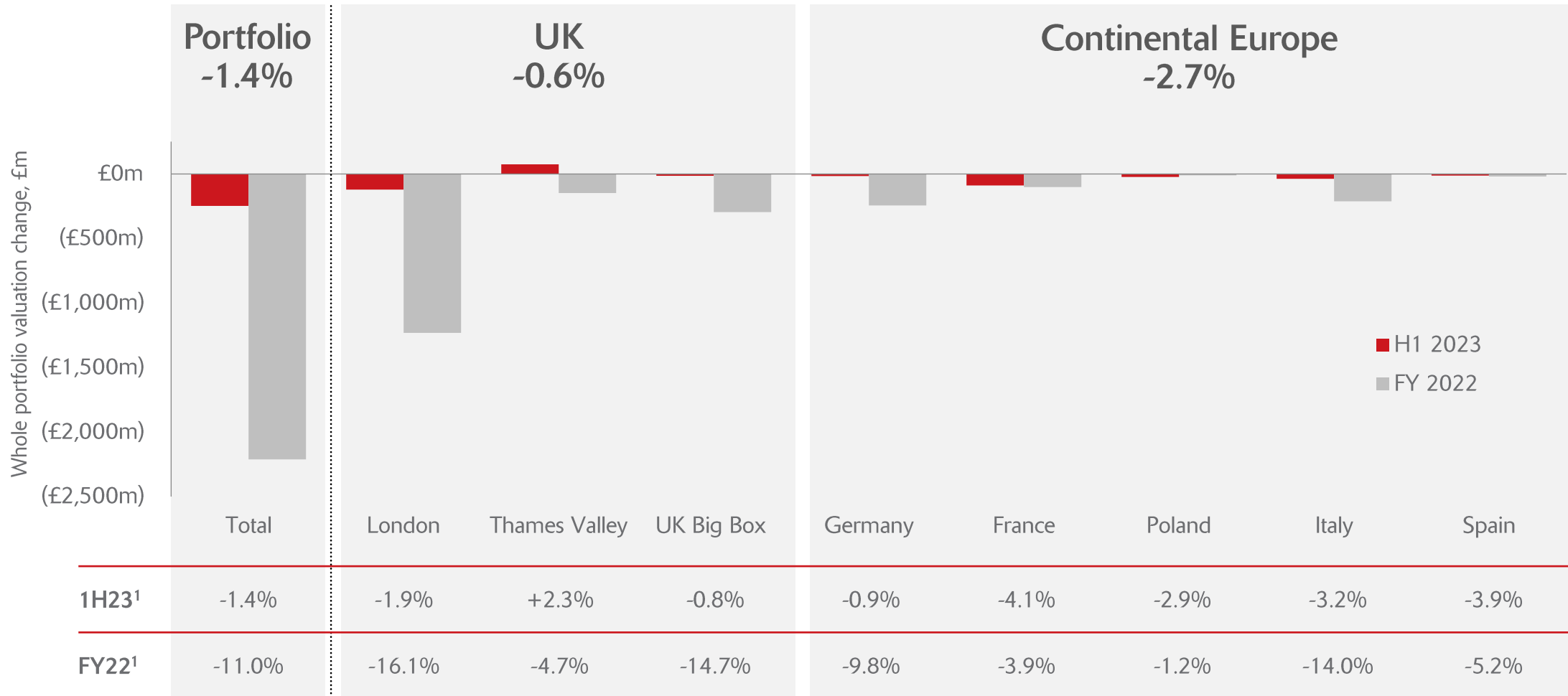
Adjusted NAV per share<sup>4</sup>  
-3.0%

**34%**

Loan to value

# H1 2023 VALUES RELATIVELY STABLE

Portfolio value at 30 June 2023: £18.1 billion (at share)

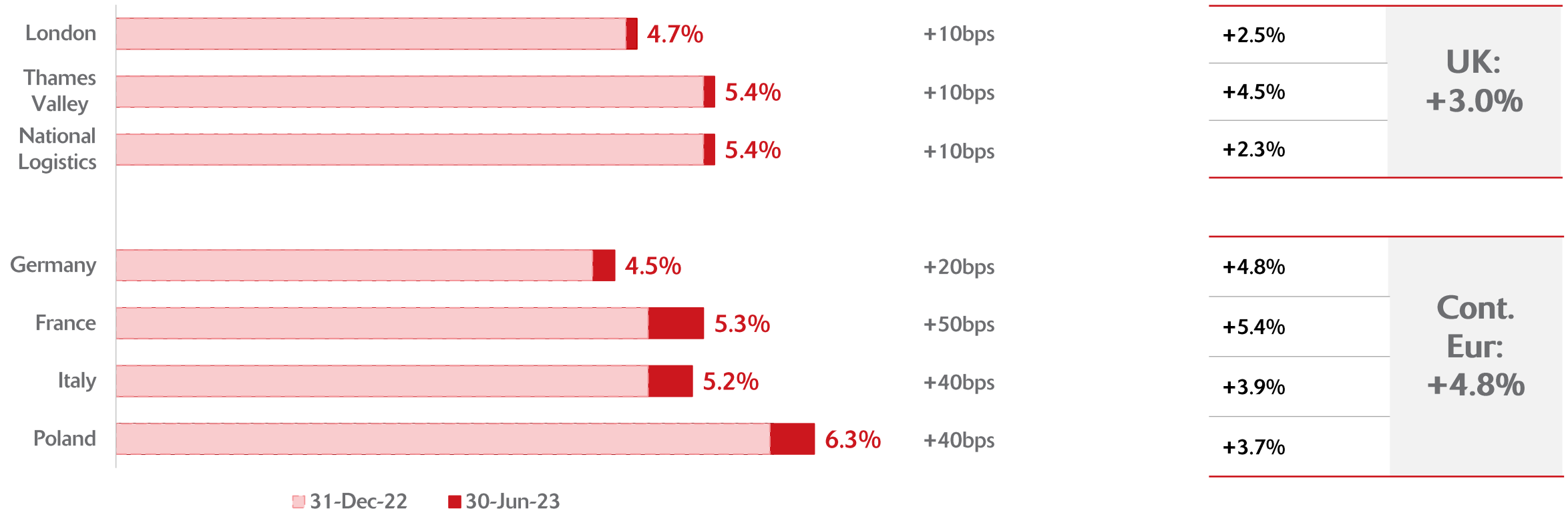


# SEGRO PORTFOLIO YIELD AND RENTAL GROWTH PROFILE

Property yield<sup>1</sup>: 5.1%  
31 December 2022: 4.8%

Yield change

ERV growth<sup>2</sup>: +3.7%

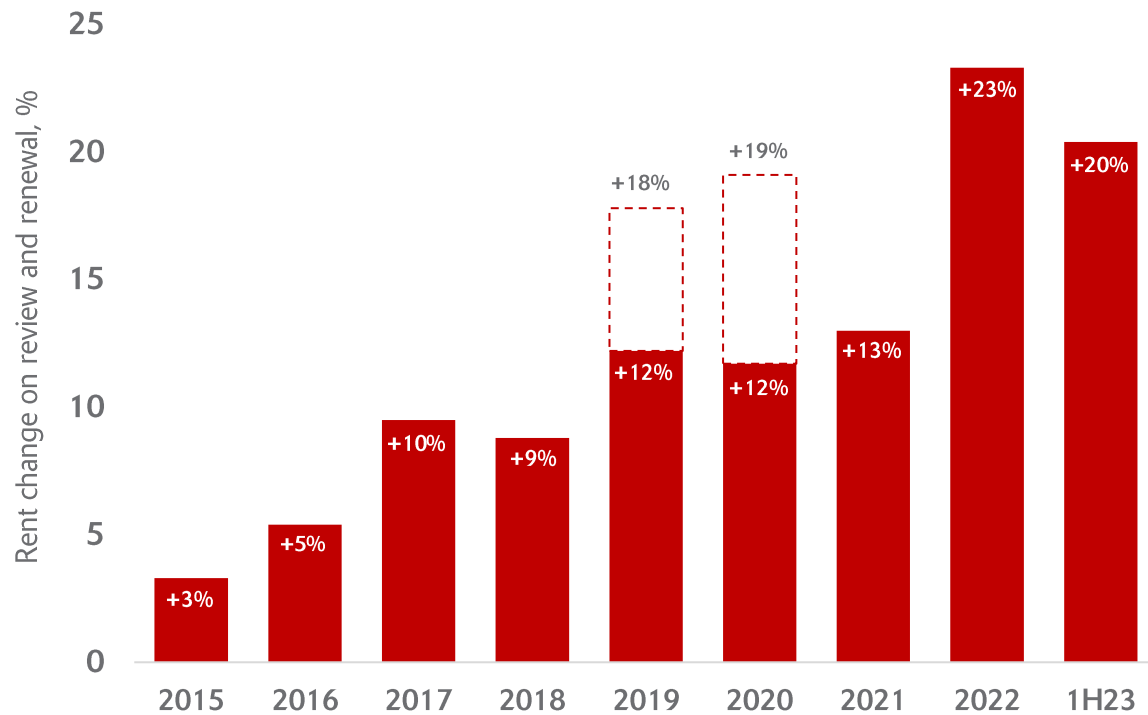


# STRONG AND DIVERSE LEASING ACTIVITY

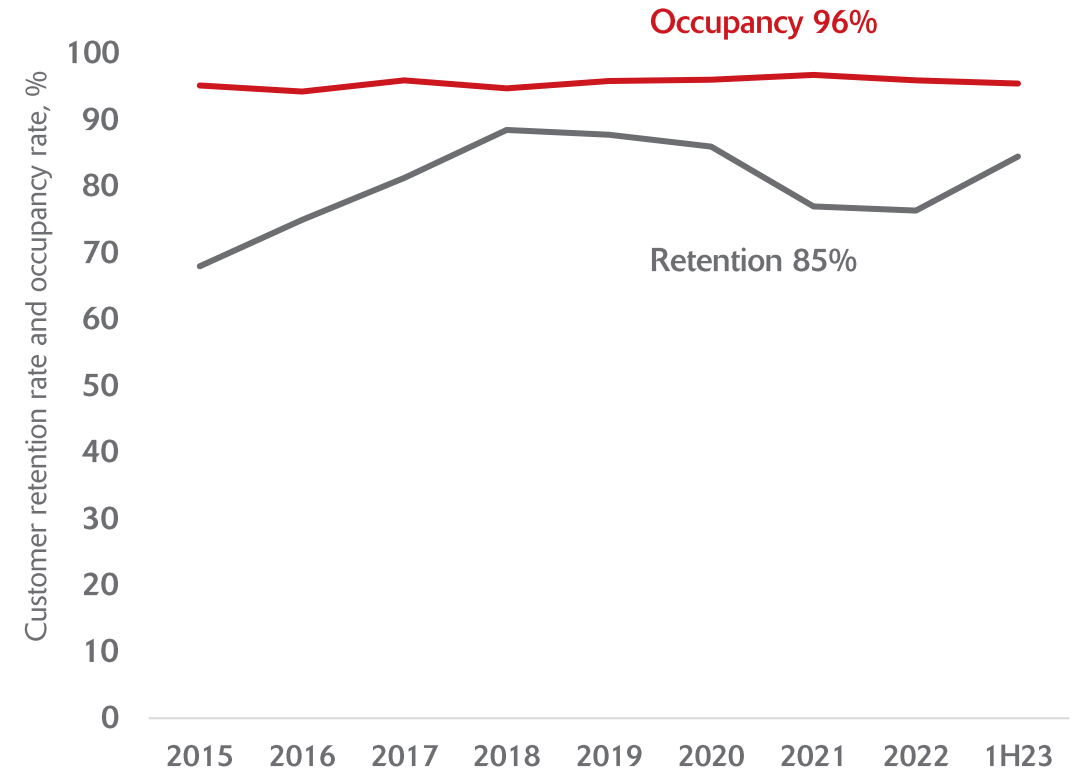


# CAPTURING REVERSION, MAINTAINING OCCUPANCY

Strong uplift from renewals and reviews (excluding indexation)<sup>1</sup>

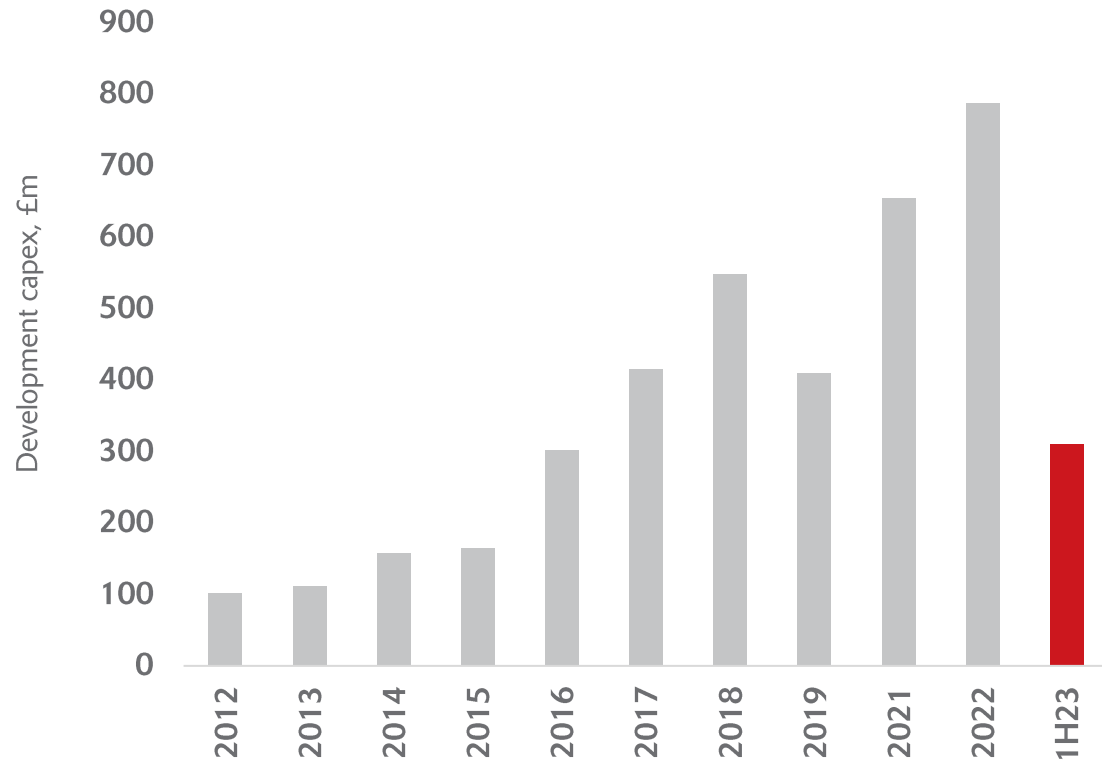


High levels of customer retention and occupancy<sup>2</sup>

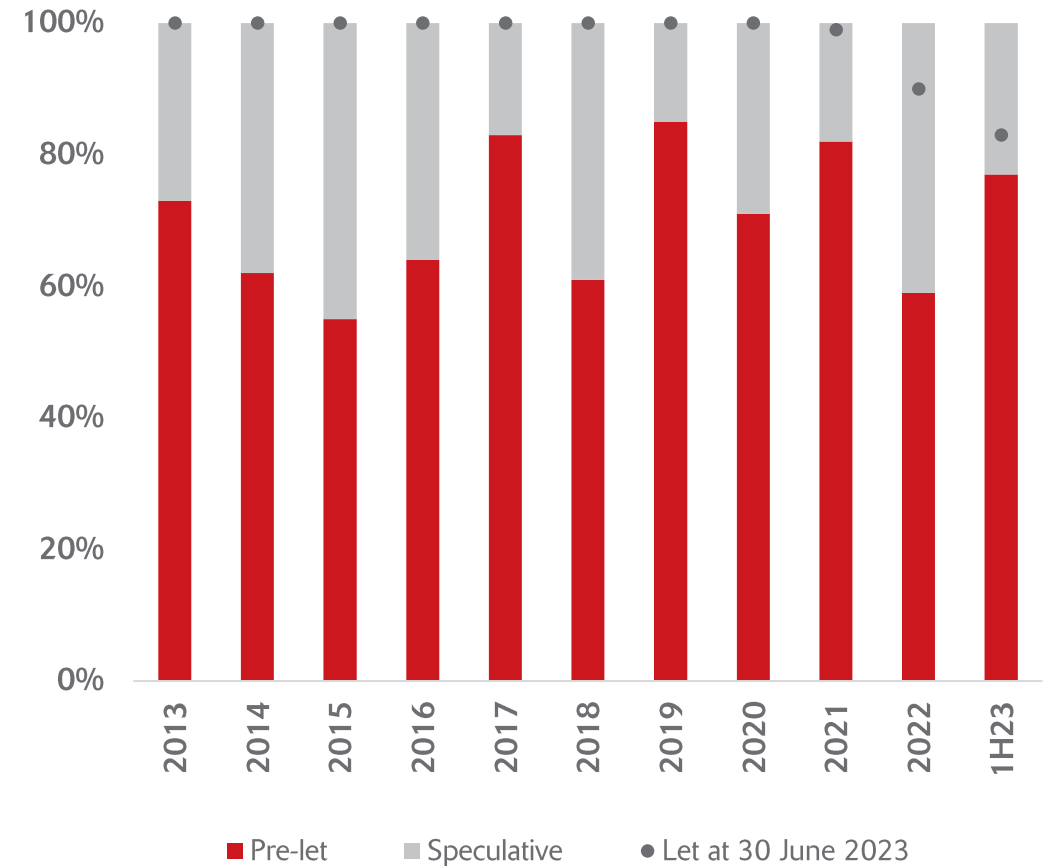


# ENHANCED, DE-RISKED DEVELOPMENT PROGRAMME

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

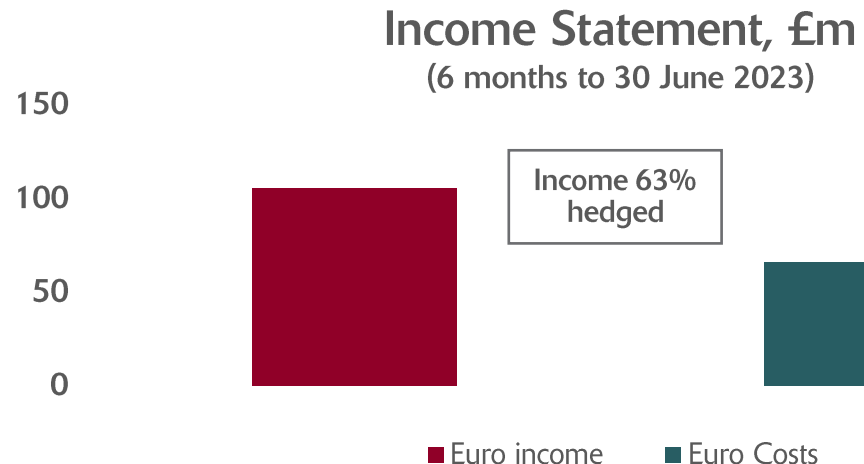
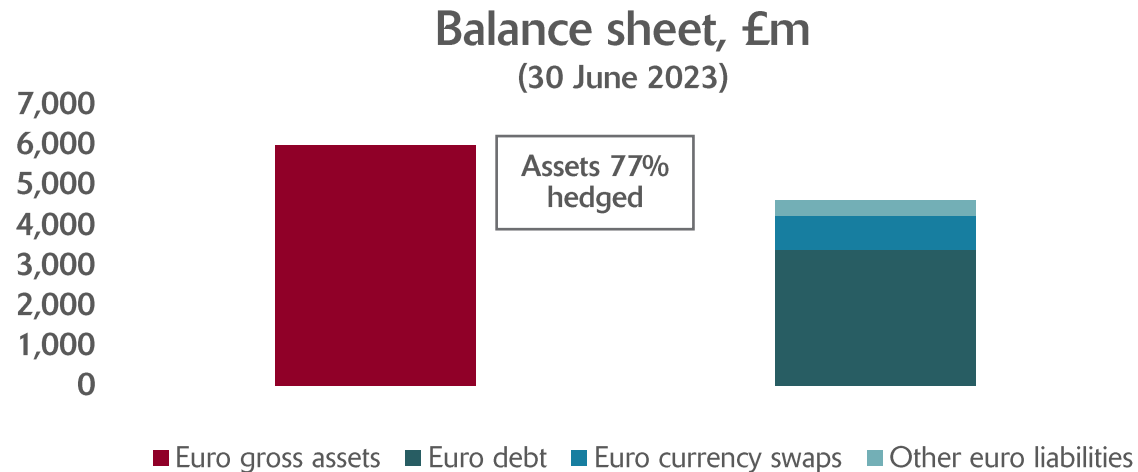


## The majority of which is pre-let





# EURO CURRENCY EXPOSURE AND HEDGING



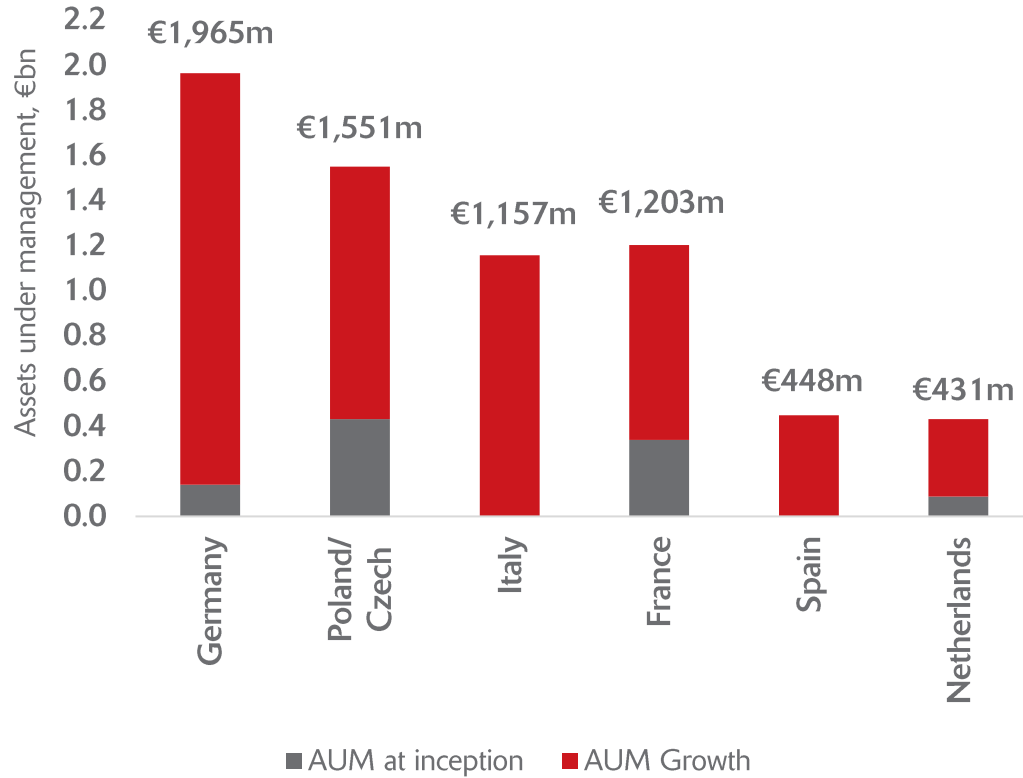
- €1.16:£1 as at 30 June 2023
- € assets 77% hedged by € liabilities
- €1,584m (£1,365m) of residual exposure – 12% of Group NAV
- Illustrative NAV sensitivity vs €1.16:
  - +5% (€1.22) = -£65m (-c.5.4p per share)
  - -5% (€1.10) = +£72m (+c.5.9p per share)

- Loan to Value (on look-through basis) at €1.16:£1 is 34%,
- Sensitivity vs €1.16:
  - +5% (€1.22) LTV -0.8%
  - -5% (€1.10) LTV +0.9%

- Average rate for 6 months to 30 June 2023 €1.14:£1
- € income 63% hedged by € expenditure (including interest)
- Net € income for the period €45m (£39m) – 12% of Group
- Illustrative annualised net income sensitivity versus €1.14
  - +5% (€1.20) = -£1.9m (-c.0.2p per share)
  - -5% (€1.08) = +2.1m (c.0.2p per share)

# SEGRO EUROPEAN LOGISTICS PARTNERSHIP (SELP) HEADLINE FIGURES

Assets under Management  
(as at 30 June 2023)



Land and assets  
**€6.8bn**

Equivalent yield  
**5.1%**

Capital value change  
**-2.4%**

ERV growth  
**5.4%**

Headline rent  
**€325m**

ERV  
**€365m**

Occupancy rate  
**99%**

LTV ratio  
**33%**

# POSITIONING SEGRO TO DELIVER ON ITS PURPOSE

|         | Championing Low-carbon growth   | Investing in our local communities and environments  | Nurturing talent   |
|---------|---|--|--|
| Context | 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 degrees, in tandem with growth in our business and the wider economy. | SEGRO is an integral part of the communities in which it operates, and we are committed to contributing to their long-term vitality.   | 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. |
| Targets | <b>We will be net-zero carbon by 2030</b>   | <b>We will create and implement Community Investment Plans for every key market in our portfolio by 2025</b>   | <b>We will increase the overall diversity of our own workforce throughout the organisation</b>   |
| 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.</p> <p>We will implement plans to absorb any 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>            |

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