



SEGRO

SEGRO
INVESTMENT CASE

30 July 2021



SEGR

UK FTSE 100 LISTED COMPANY

ESTABLISHED IN 1920

SEGR IS THE UK'S LARGEST LISTED REIT

8.8 MILLION
SQ M OF SPACE

8
COUNTRIES

£17.1 BILLION
OF ASSETS UNDER
MANAGEMENT

1,408
CUSTOMERS



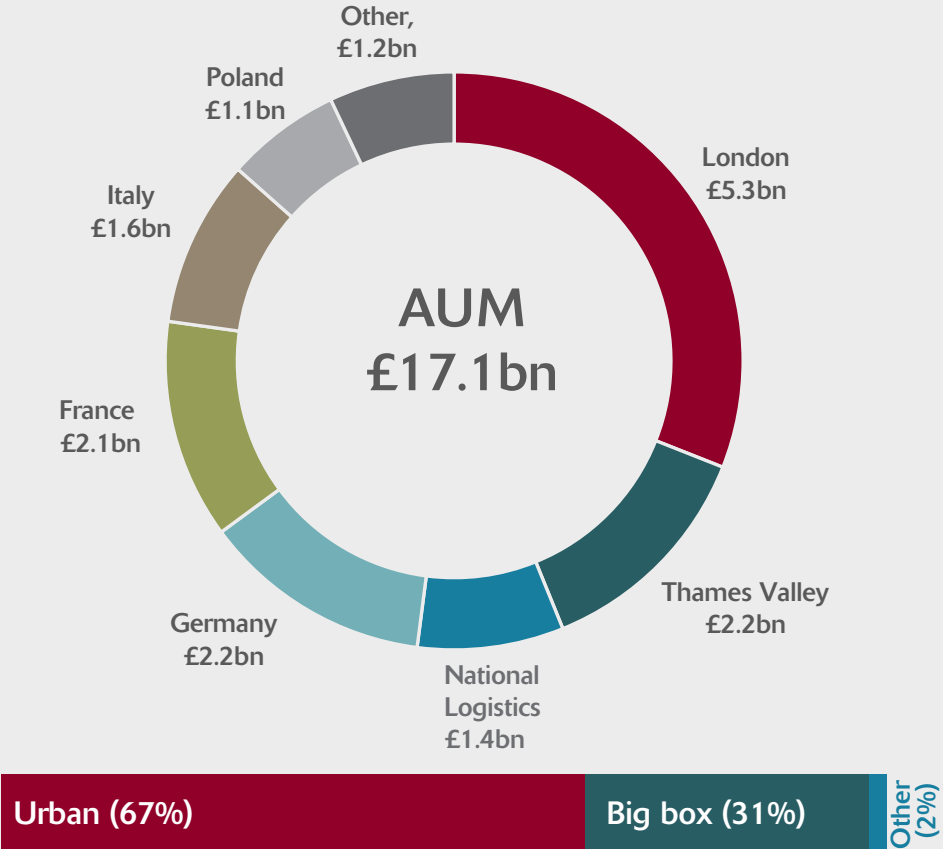
**WE CREATE
THE SPACE
THAT ENABLES
EXTRAORDINARY
THINGS
TO HAPPEN**

SEGRO INVESTMENT CASE



MODERN ASSETS IN PRIME LOCATIONS AN ESTABLISHED PAN-EUROPEAN OPERATING PLATFORM

Portfolio split by geography and asset type
(at 30 June 2021)



URBAN AND BIG BOX WAREHOUSES – COMPLEMENTARY ASSET TYPES

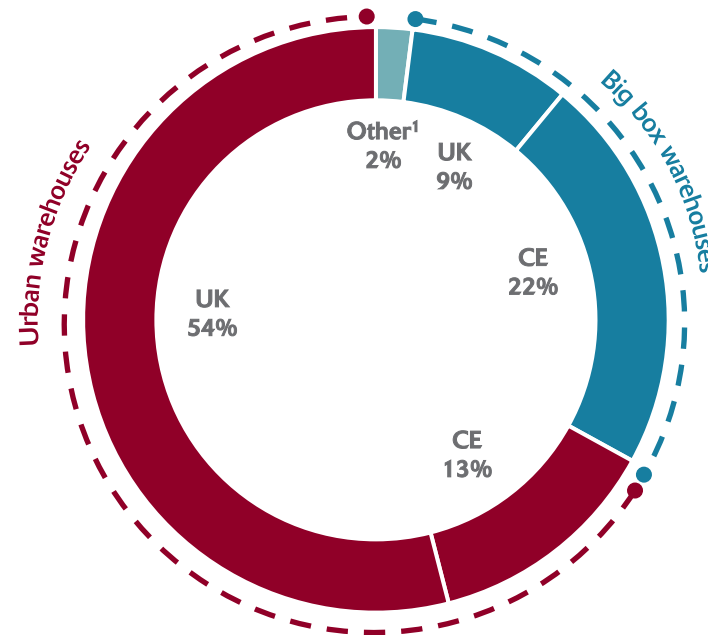
Urban warehouses (67%)

- 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 2021



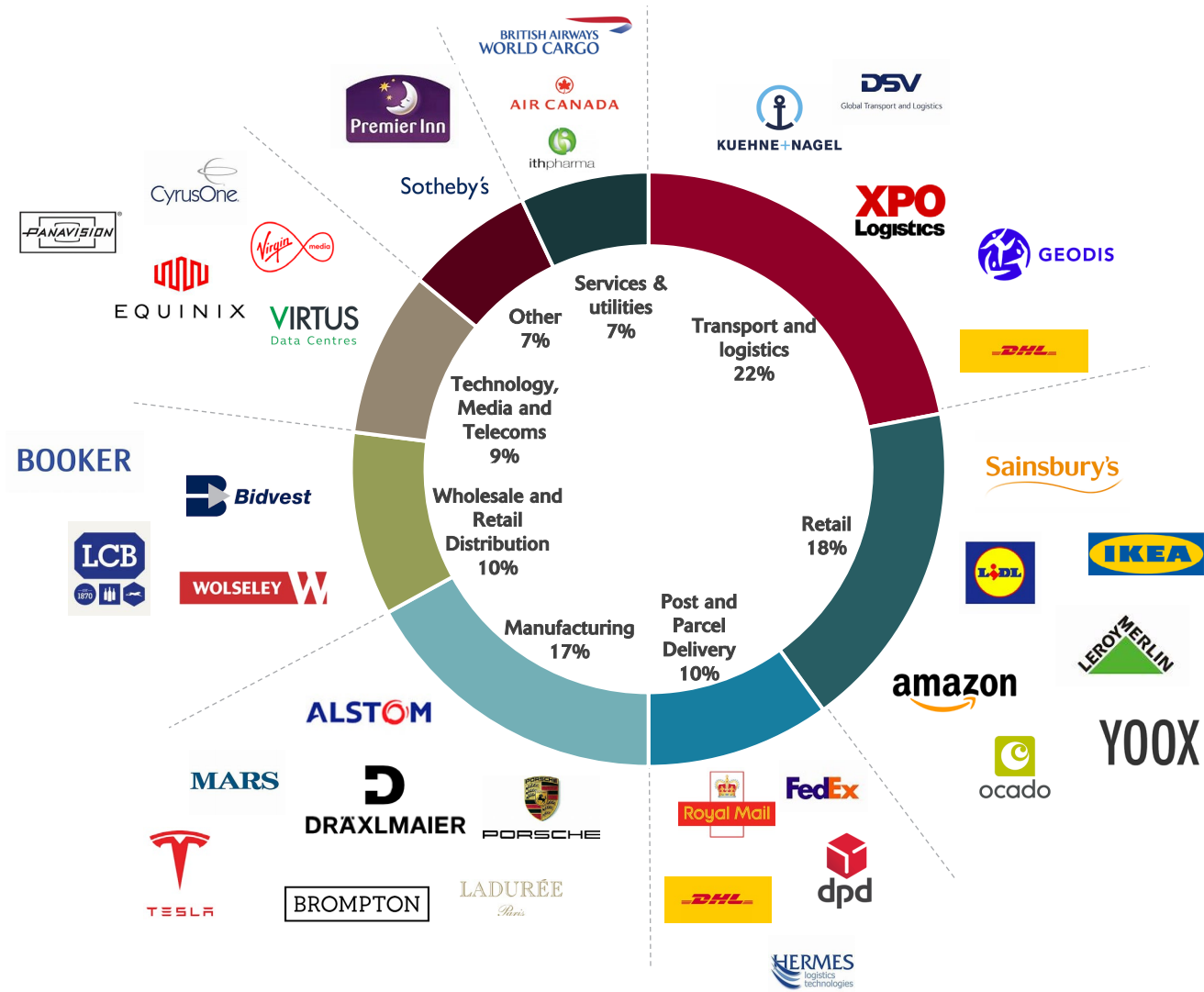
Big boxes (31%)

- 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)

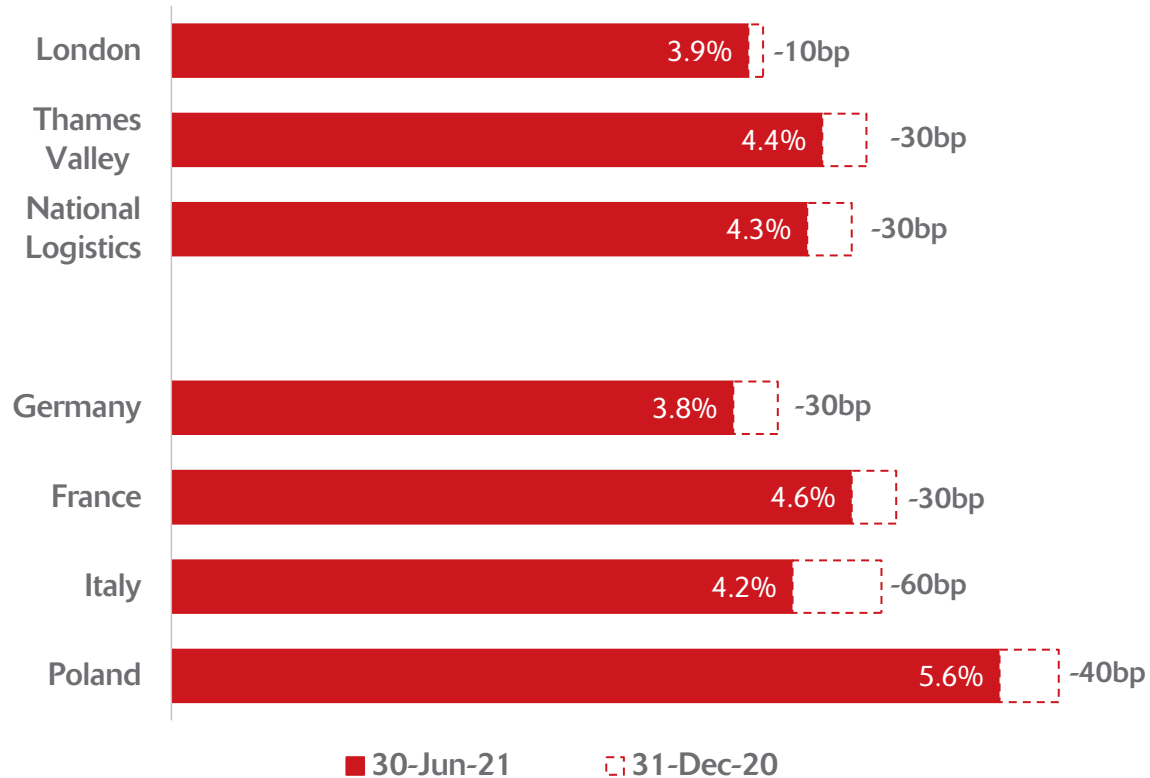


1,408 customers

Top 20 customers = 30% of total group headline rent

SEGRO PORTFOLIO YIELD AND RENTAL PROFILE

Property yield²: 4.2% (-30bp)



ERV growth: 2.8%

+4.2%	UK: +3.6%
+3.0%	
+2.1%	
+1.0%	Cont. Eur: +1.5%
+2.0%	
+2.5%	
+0.0%	

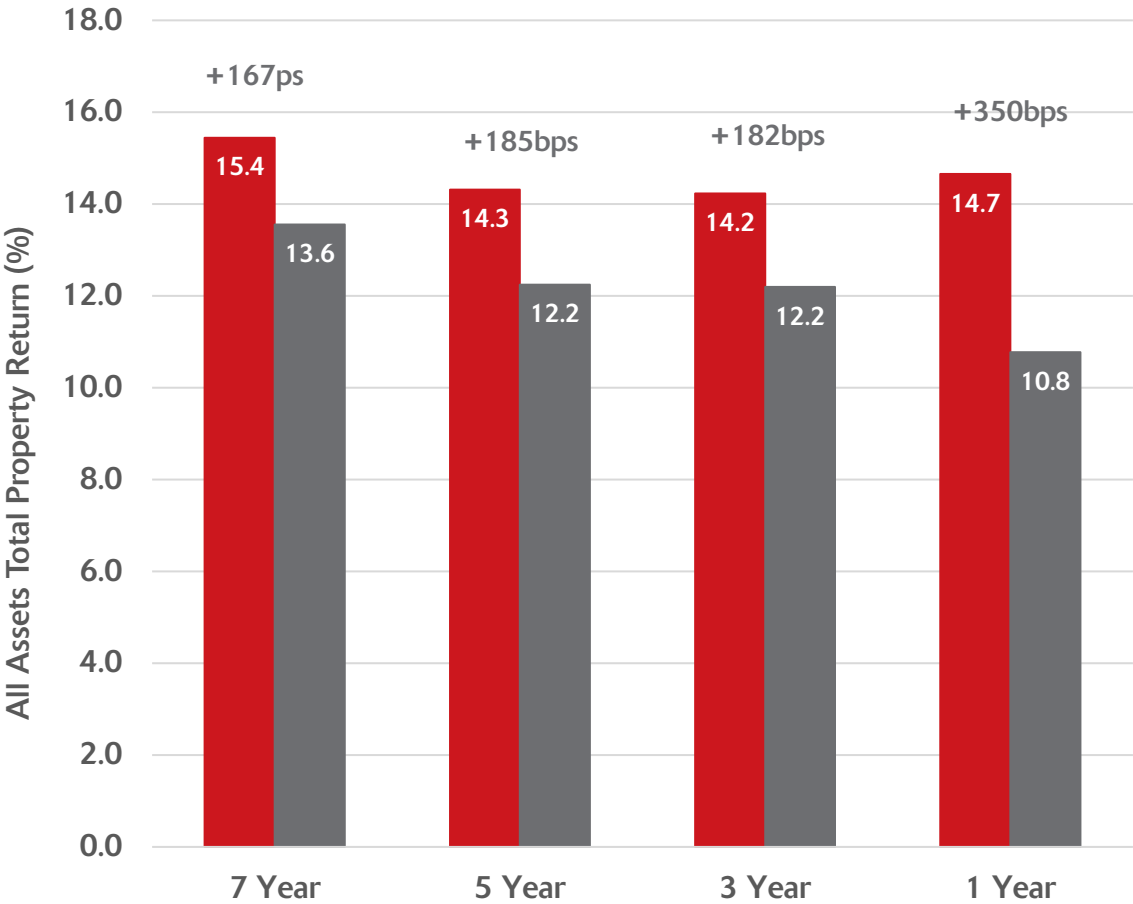
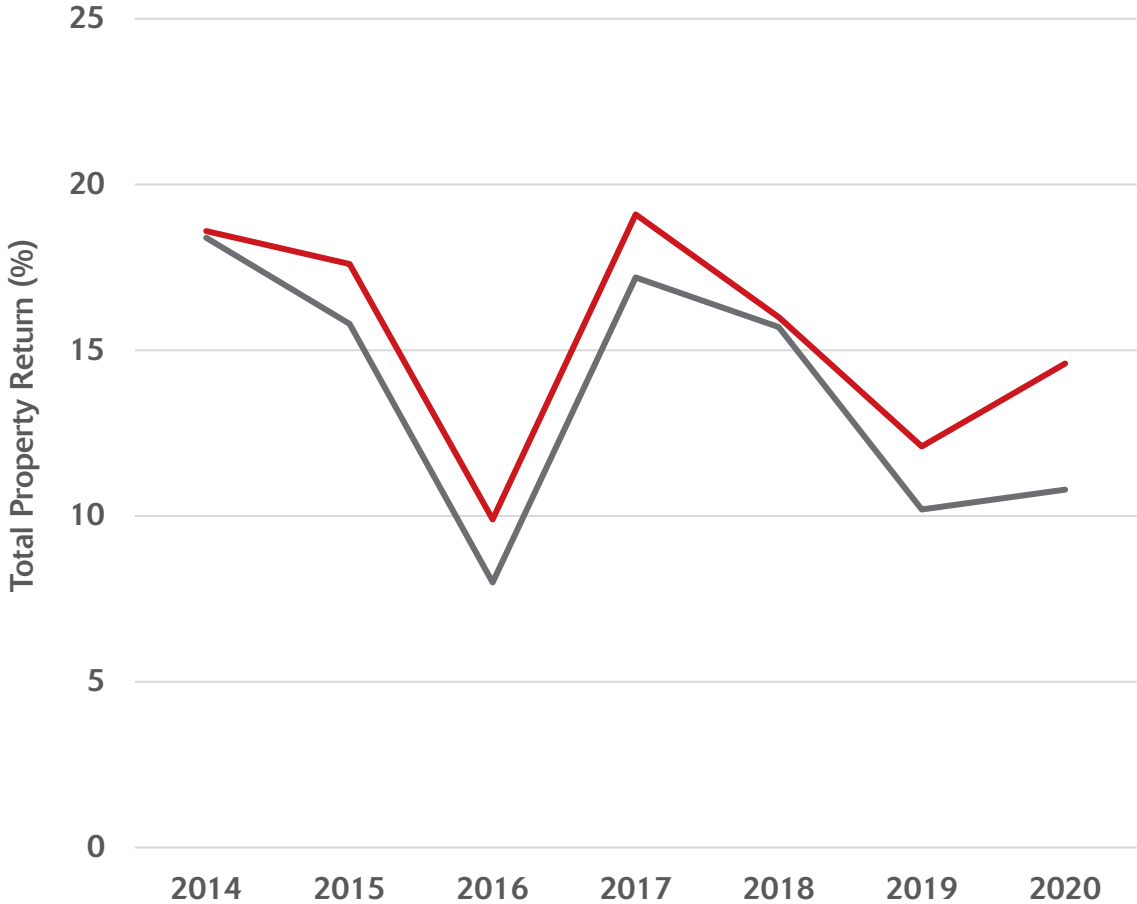
London	ERV
Heathrow	+2.3%
Park Royal	+5.0%
Other London	+7.5%

Continental Europe	ERV
Urban	+1.8%
Big box	+1.4%

1 Yield on standing assets at 30 June 2021; ERV growth based on assets held throughout H1 2021.
2 Net true equivalent yield.

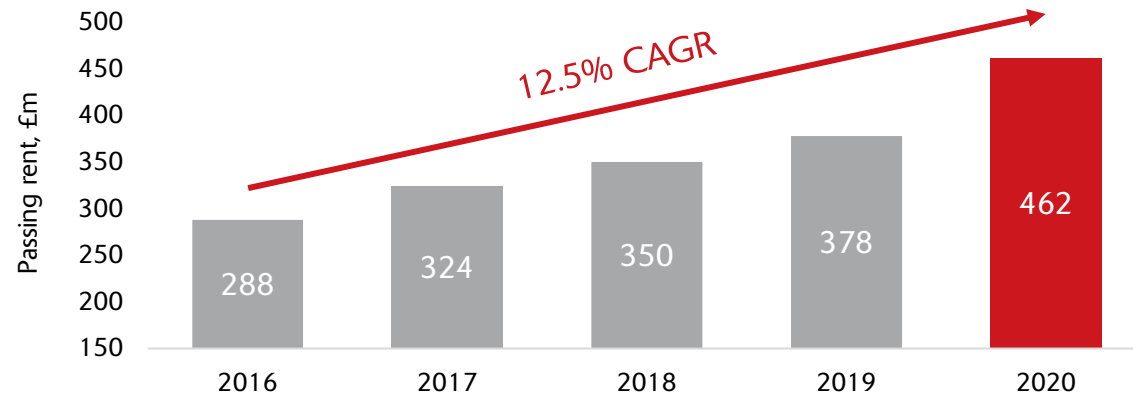
TOTAL PROPERTY RETURN – CONSISTENTLY OUTPERFORMING THE BENCHMARK

■ SEGRO
 ■ MSCI bespoke industrial benchmark

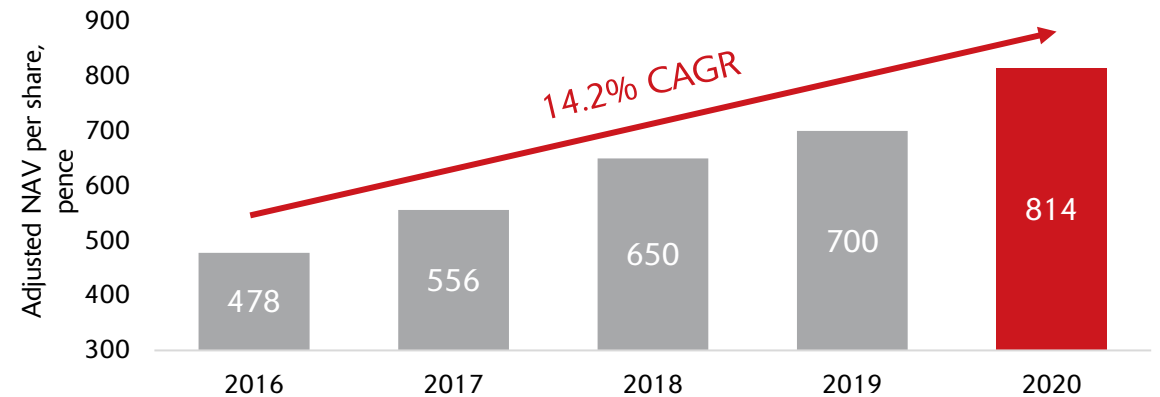


DELIVERING STRONG RETURNS

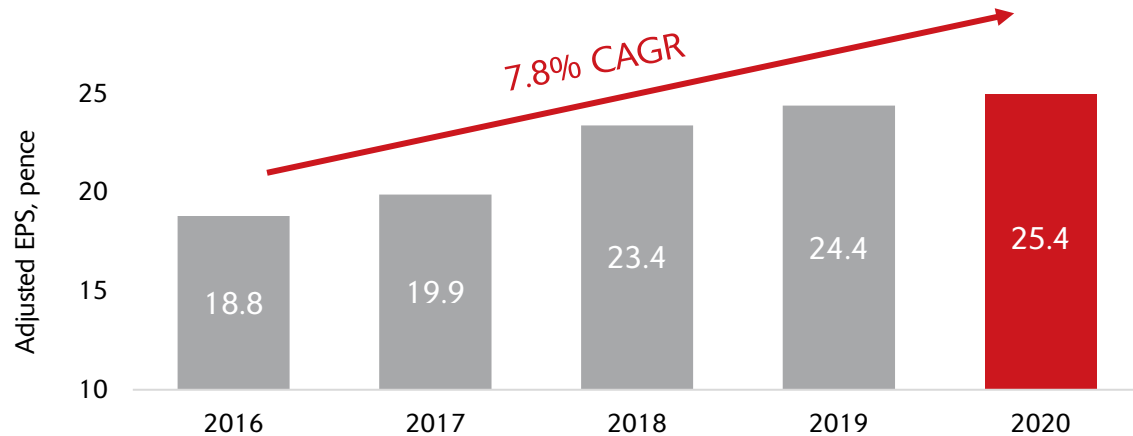
Passing Rent



Adjusted NAV¹ per share

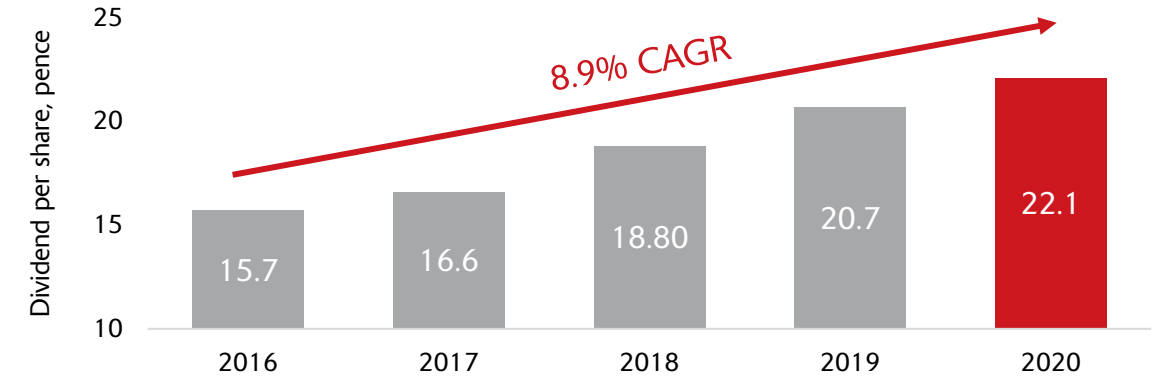


Adjusted earnings per share



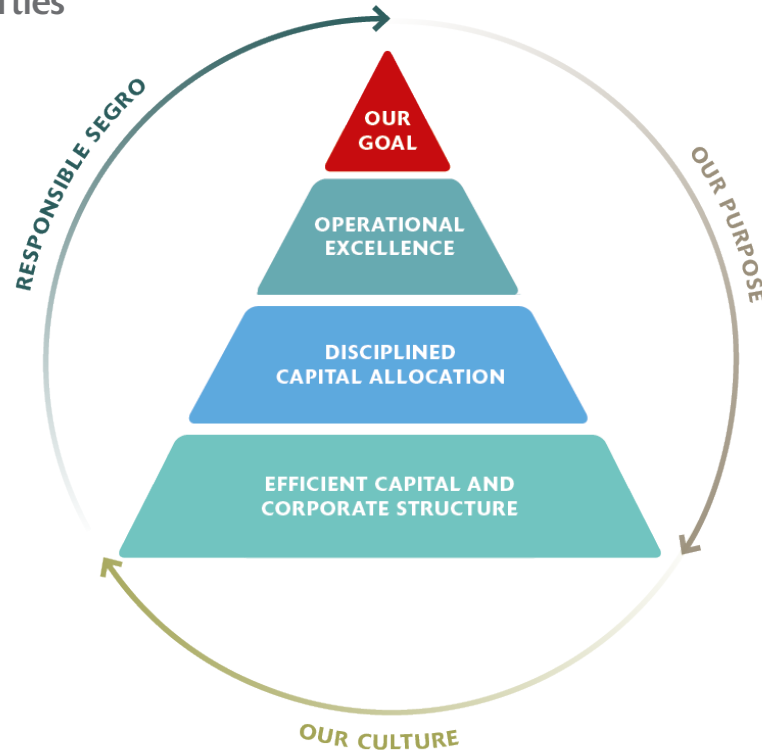
Dividend per share

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

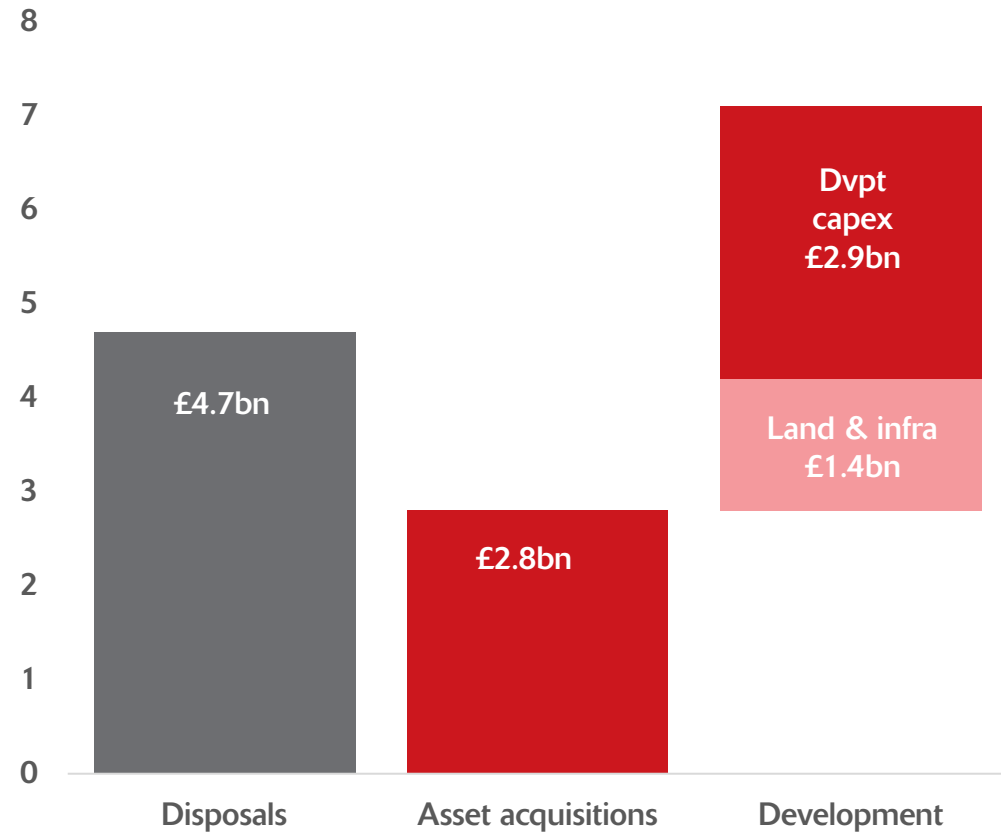


DISCIPLINED CAPITAL ALLOCATION KEY TO OUR STRATEGY

Our goal is to be the leading owner-manager and developer of industrial properties in Europe and the partner of choice for our customers and other stakeholders

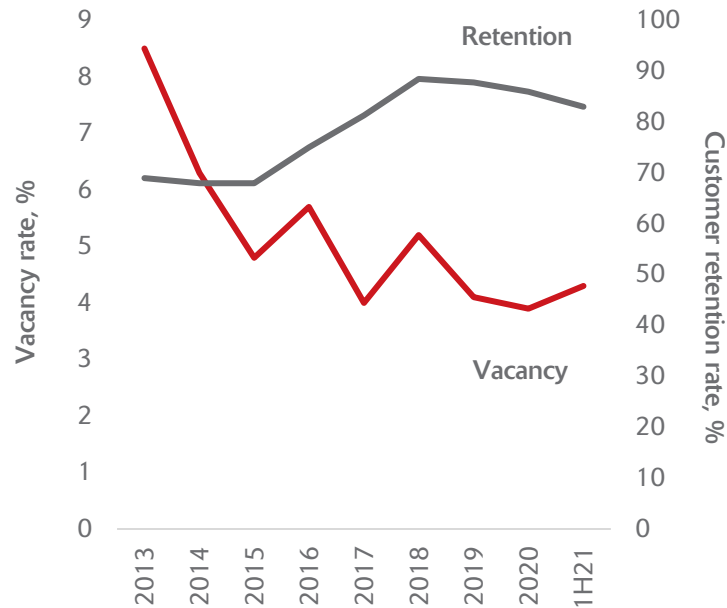


Disposal and investment activity since 1 January 2012 (£bn)

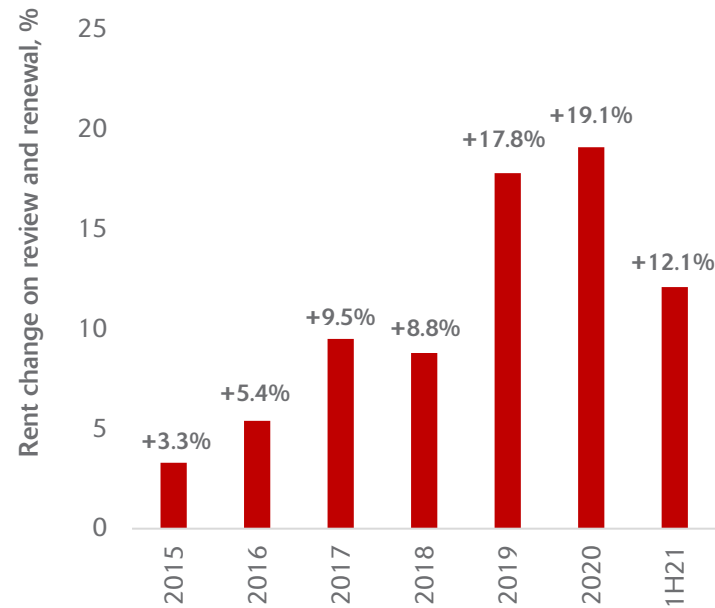


STRONG OPERATIONAL METRICS

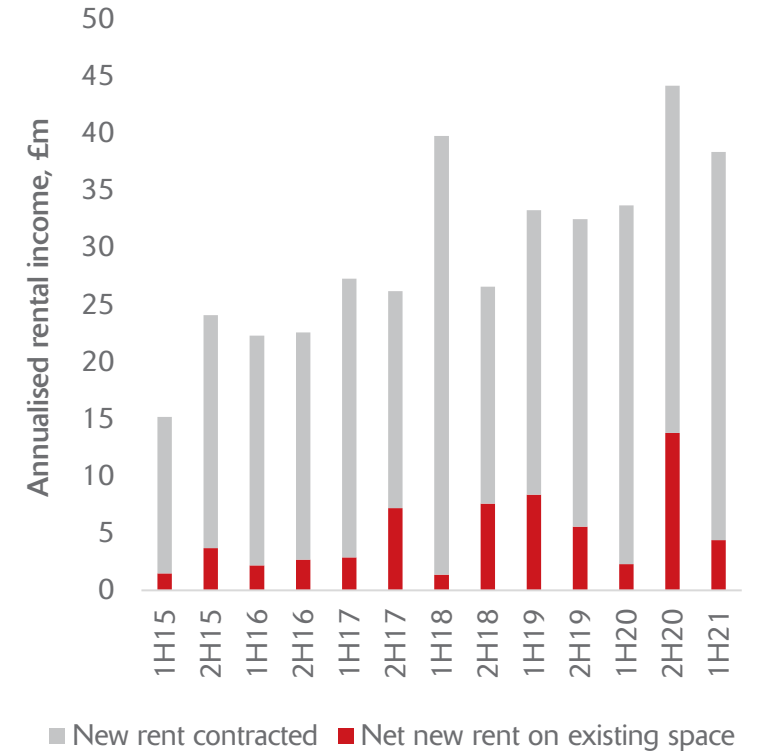
High levels of customer retention and continued low vacancy^{1,2}



Capturing reversion from renewals and reviews²



Record leasing performance³



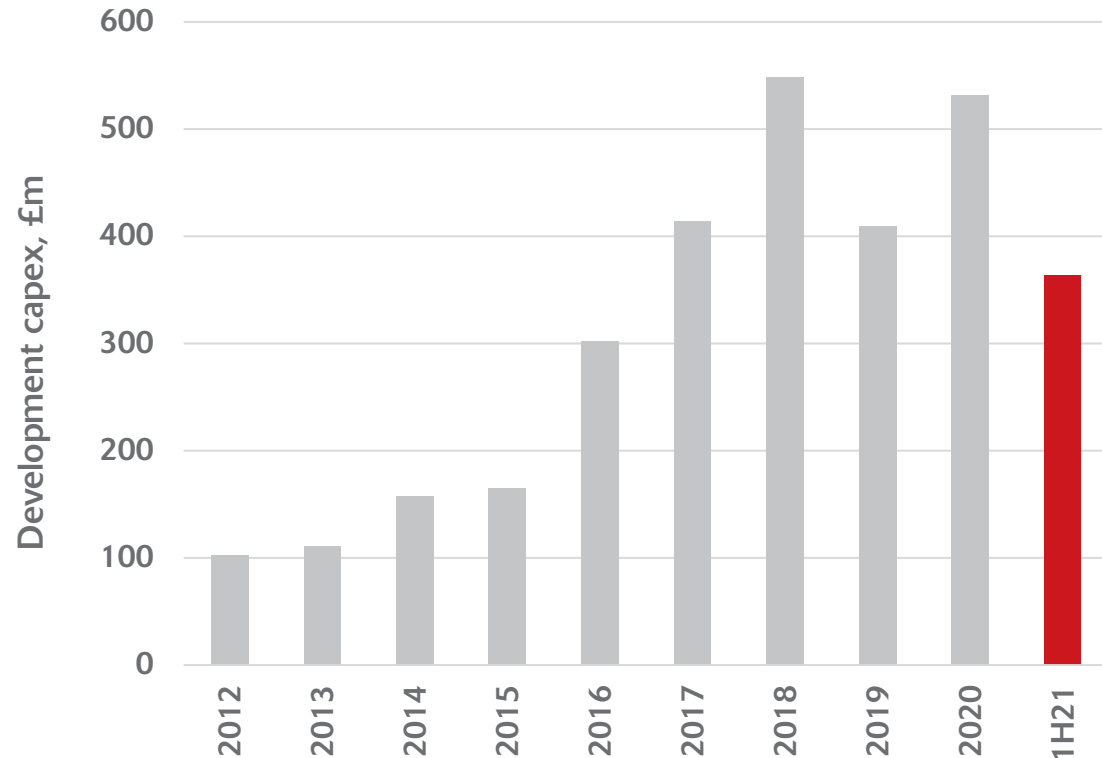
1 Vacancy rate based on ERV at 30 June 2021; customer retention rate based on headline rent retained in the same or alternative SEGRO premises.

2 Uplift in 2019 and 2020 included re-gears on the peppercorn leases in the Heathrow portfolio so capture of reversion was higher – all of the re-gears have now been completed.

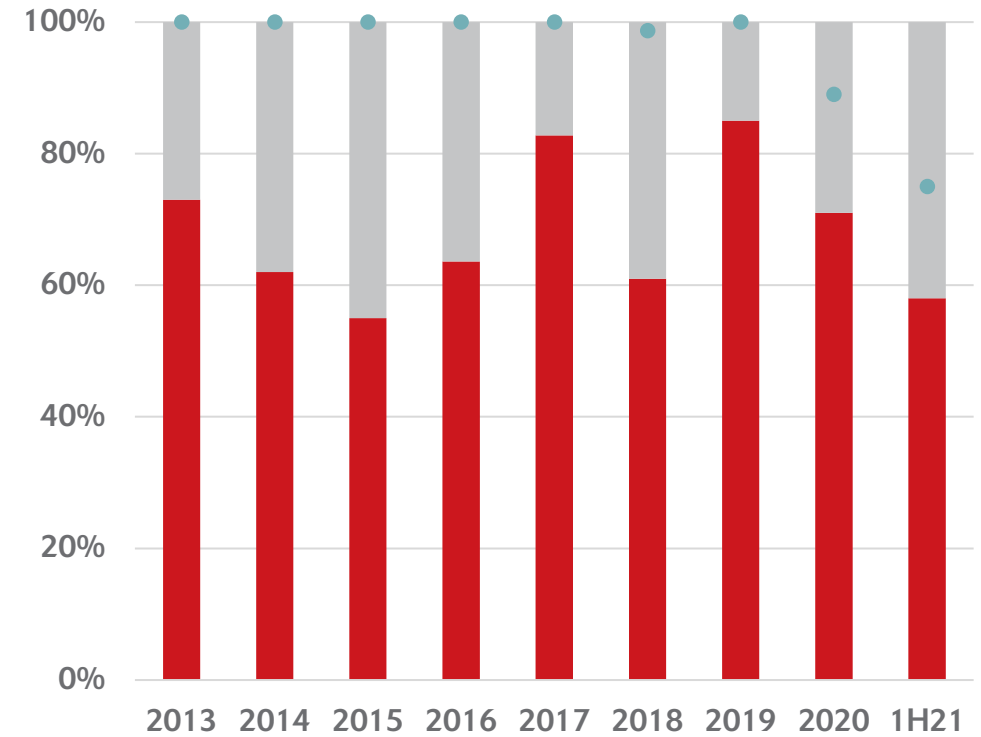
3 Net new rent on existing space reflects headline rent agreed on new leases less passing rent lost from space taken back during the year; new rent contracted is total headline rent secured or (in the case of developments) agreed in the year.

ENHANCED, DE-RISKED DEVELOPMENT PROGRAMME

Development-led growth¹



The majority of which is pre-let



¹ Capex on developments and infrastructure £m (SEGRO share).

■ Pre-let ■ Speculative ● Let at 30 June 2021

POSITIONING SEGRO TO DELIVER ON ITS PURPOSE



Championing **LOW-CARBON GROWTH**

Investing in our local **COMMUNITIES** and **ENVIRONMENTS**

Nurturing **TALENT**

DRIVING FUTURE GROWTH

SUPPORTIVE LONG-TERM STRUCTURAL DRIVERS



**DIGITALISATION
OF OUR
ECONOMIES**



URBANISATION



**SUPPLY CHAIN
EFFICIENCY &
RESILIENCE**



SUSTAINABILITY

FAVOURABLE MARKET DYNAMICS



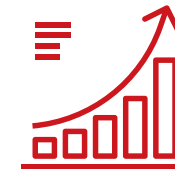
Continued strong take up across Europe



33 million sqm of space needed over next 5 years across Europe to support growth of e-commerce¹



Less than a year of supply in major European logistics markets²



Record levels of investment into industrial assets

DEMAND-SUPPLY CONDITIONS SUPPORTIVE OF FURTHER RENTAL GROWTH

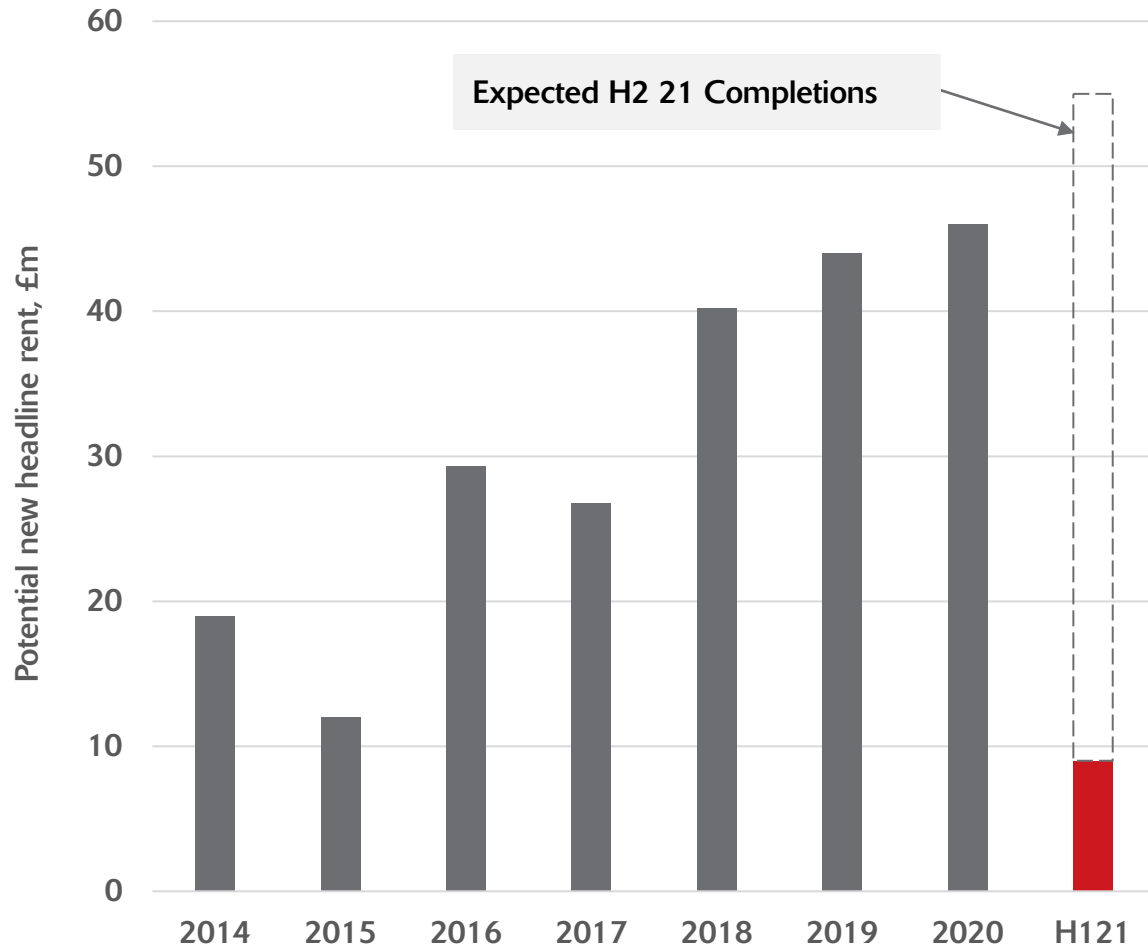
Property Type	Region	% of portfolio ¹	Demand conditions	Supply conditions	SEGRO 3 year average ERV growth	SEGRO ERV growth expectations
Urban warehouses	UK	54%	STRONG	LIMITED	4.1%	2-5% pa
	Continental Europe	13%	STRONG	LIMITED	2.0%	
Big box warehouses	UK	9% ²	STRONG	MODERATE	1.5%	1-2% pa
	Continental Europe	22%	STRONG	MODERATE	1.6%	

...with £36m of reversionary potential to capture

¹ Percentage of portfolio based on valuations as of 30 June 2021. ² 2% of the portfolio in other uses of industrial land, e.g. self-storage, car showrooms, offices

² Includes big box warehouses in the Midlands (within National Logistics) and South East England

CONTINUED MOMENTUM IN THE DEVELOPMENT PIPELINE



	Current Pipeline	Completed in H1 21
Space (sq m)	1.1 million	104,000
Number of projects	50	13
Potential headline rent (£m)	74	8
Rent secured (%)	72	75
Average yield on cost (%)	6.5	6.7

We target BREEAM 'Excellent' or 'Very Good' (or local equivalent) on all of our developments.

£280M+ OF POTENTIAL RENTAL INCOME FROM FUTURE DEVELOPMENT

SEGRO land bank (30 June 2021)



Potential annualised gross rent from current, near-term and future pipeline⁴, by asset type (£218 million at 30 June 2021)

Big box (67%)

Urban (28%)

Other (5%)

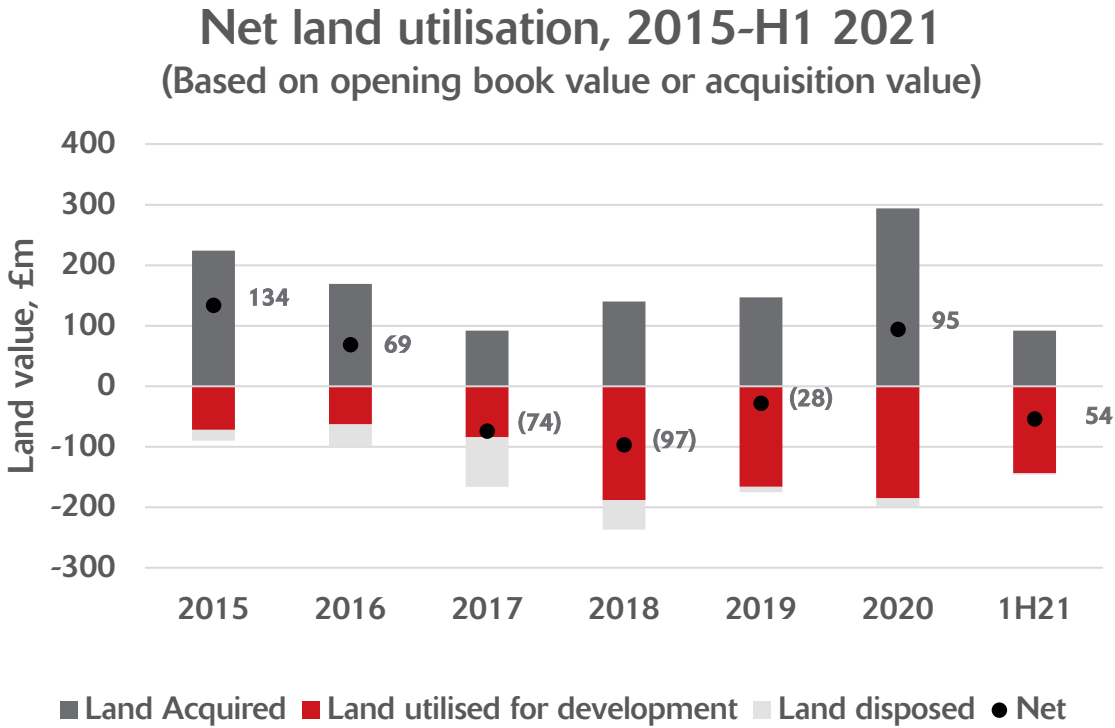
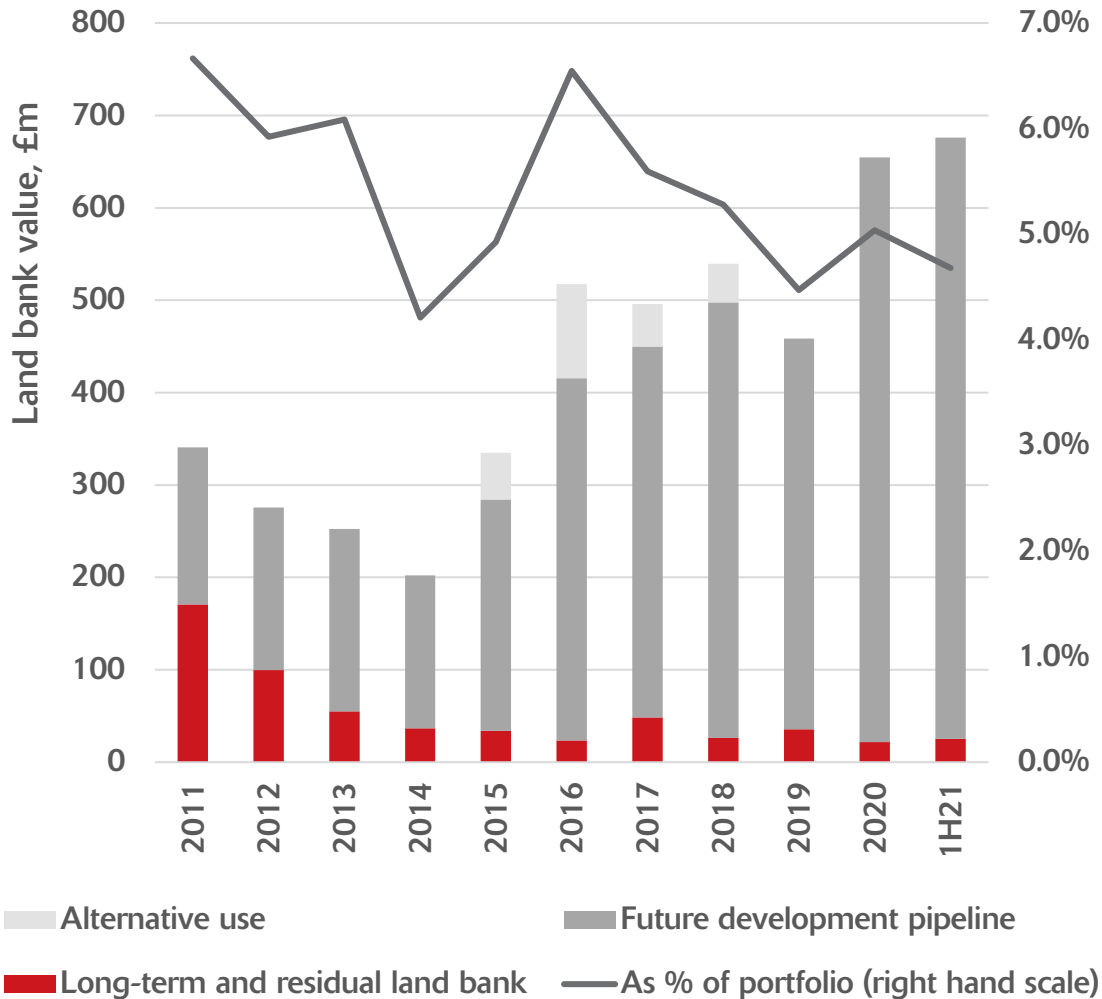
Development pipeline	Area (sq m)	Estimated cost to complete (£m)	Potential gross rent (£m)	Development yield ³	Proportion pre-let	Expected delivery
Current	1.1m	337 ²	74	6.5%	72%	1-12 months
Near-term pre-lets ¹	183,084	186	22	7.9%	90%	12-18 months
Future ¹	2.4m	1,239	122	6-7%	-	1-7 years
Optioned land	c1.1m	c1,000	66	c6%	-	1-10 years
Total	4.8m	2,762	284	6-7%	-	1-10 years

Potential annualised gross rent from current, near-term and future pipeline⁴, by region (£218 million at 30 June 2021)

UK (53%)

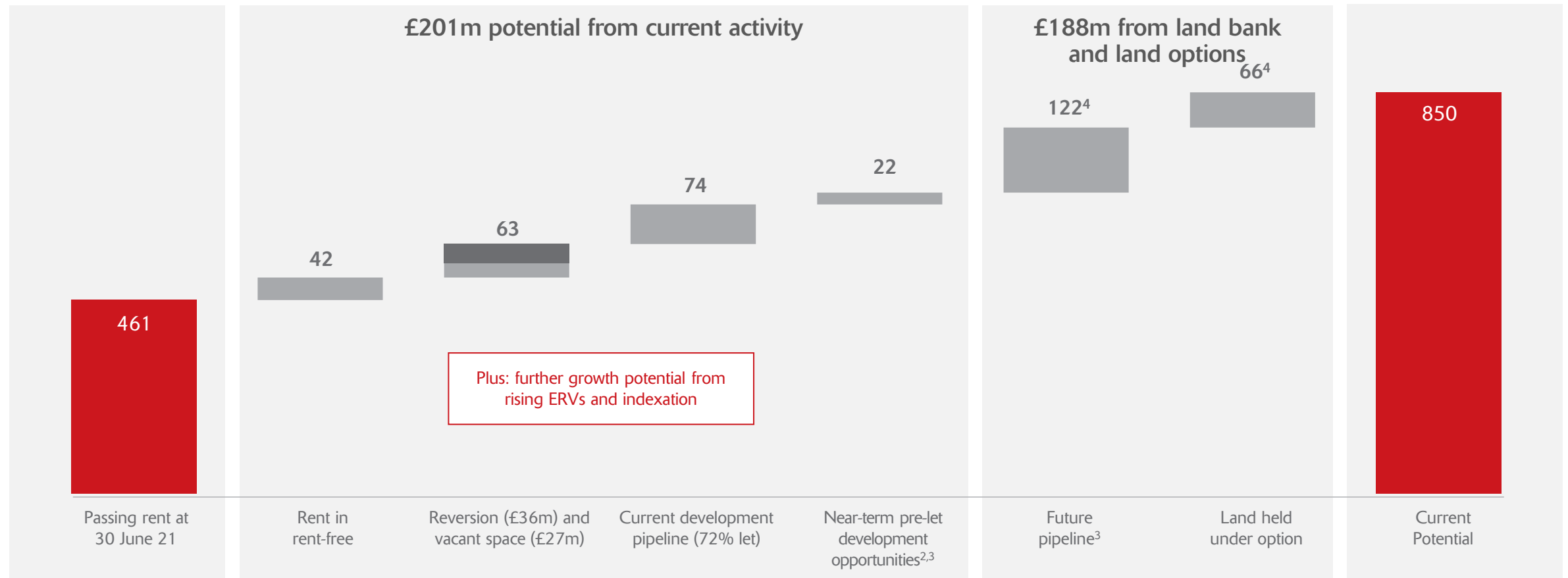
Continental Europe (47%)

LAND BANK PROVIDES OPTIONALITY AND OPPORTUNITY FOR GROWTH



POTENTIAL FOR SIGNIFICANT INCOME GROWTH

Annualised gross cash passing rent¹, £ million
(as at 30 June 2021)



APPENDIX

Portfolio and Financial Data

STRONG FINANCIAL RESULTS

£1 68m

Adjusted profit before tax
+19%

13.8p

Adjusted earnings per share
+10%

7.4p

Dividend per share
+7%

£14.4bn

Portfolio valuation (at
share) +10%

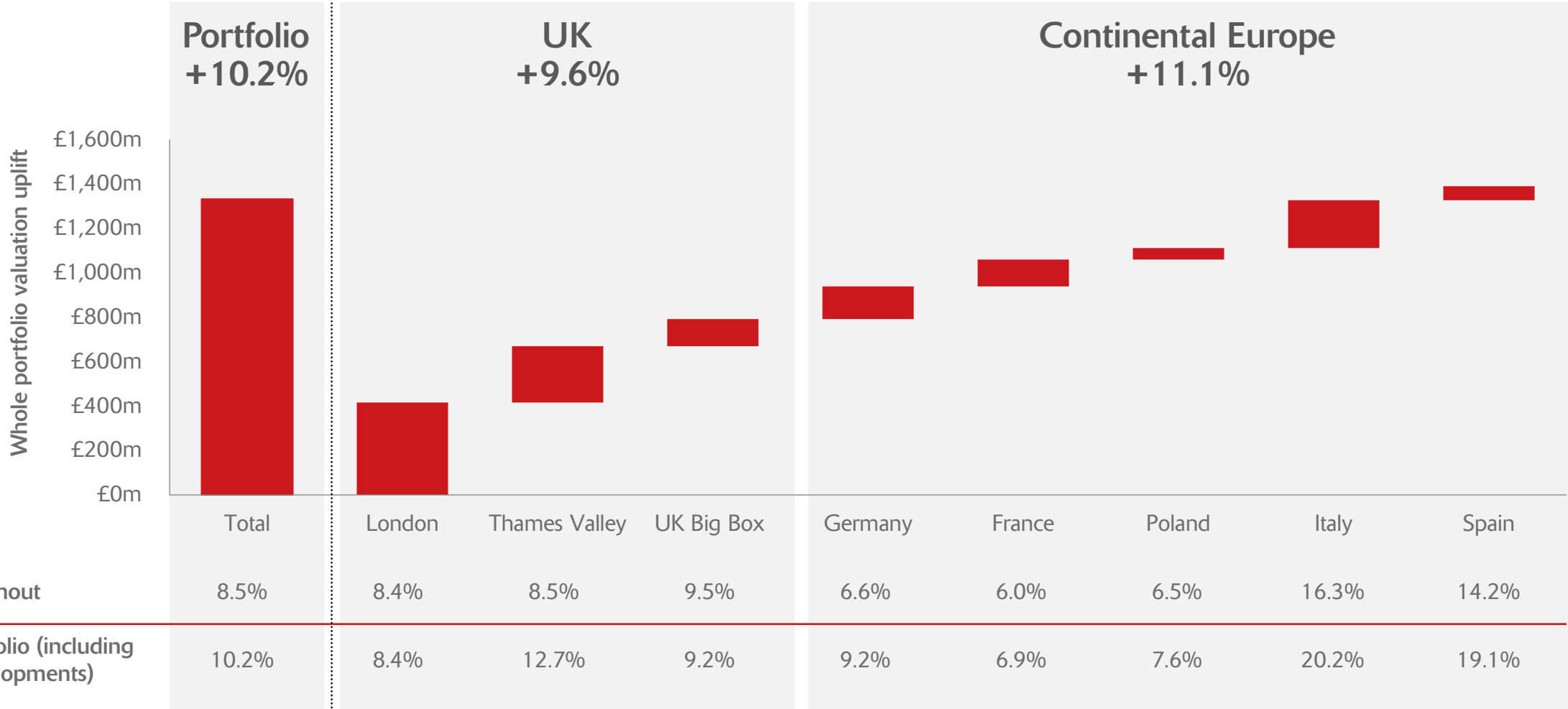
909p

Adjusted NAV per share
+12%

21%

Loan to value

£1.3BN VALUATION SURPLUS DRIVES INCREASE IN NAV



INVESTMENT ACTIVITY TO CAPITALISE ON FAVOURABLE MARKET CONDITIONS

LAND ACQUISITIONS

- Securing future development opportunities in London, Paris, Lyon, Venice, Bologna, Madrid and Barcelona



£92m

DEVELOPMENT

- £364m of development capex
- Including £42m of infrastructure
- Anticipate spending c£750m in FY21



£364m

DISPOSALS

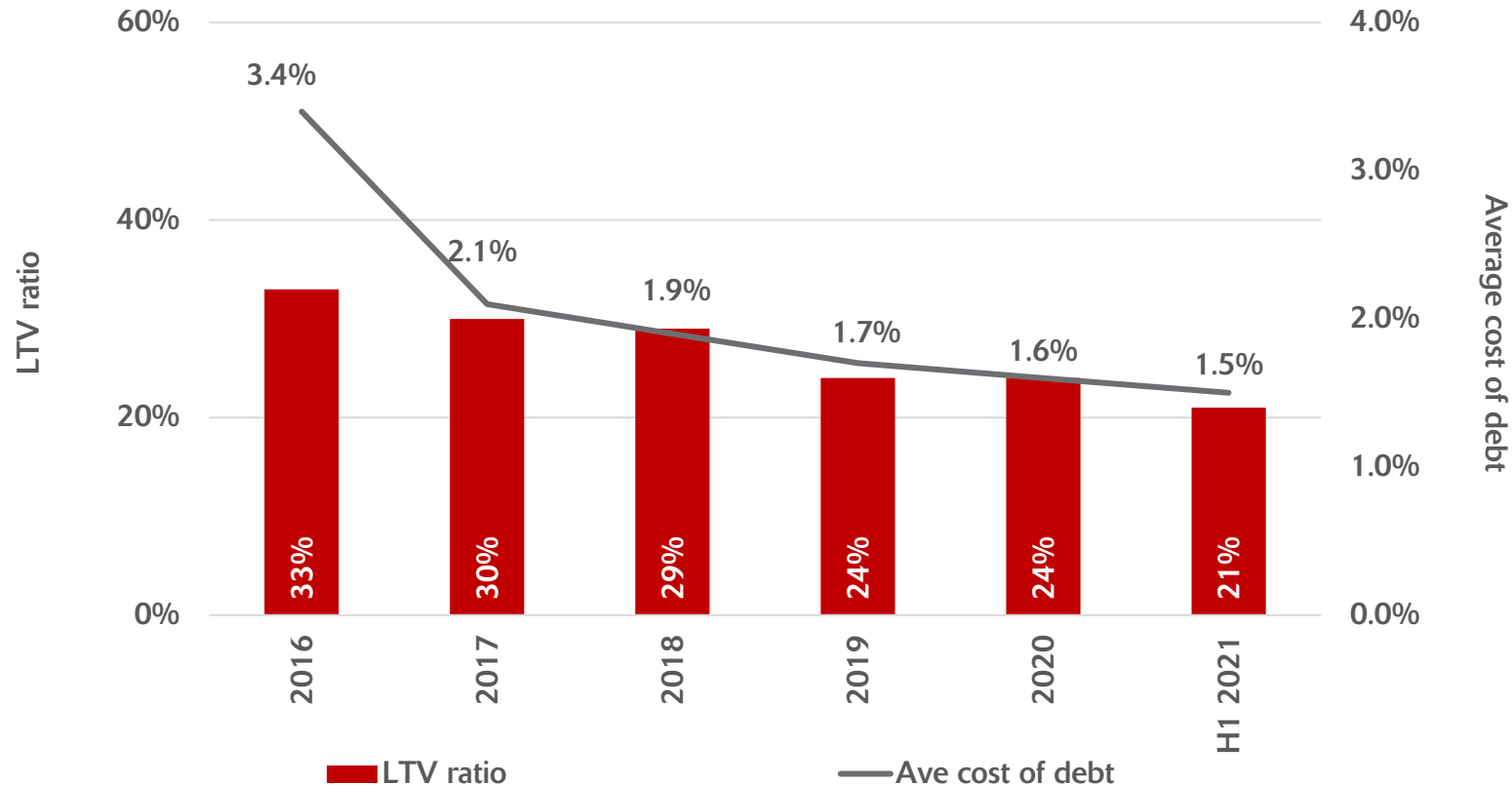
- SEGRO sales to SELP
- Freehold sale in East London
- Car showroom in Reading
- Expect to dispose of c£300m in FY21 including £109m Italian portfolio in July 2021



£154m

BALANCE SHEET POSITIONED TO SUPPORT FURTHER GROWTH

LTV ratio and average cost of debt
(incl share of joint ventures), 2016-21



New €500m SELP Green Bond
0.875% coupon, 8 year maturity

Net debt £3.1bn
(FY 2020: £3.1bn)

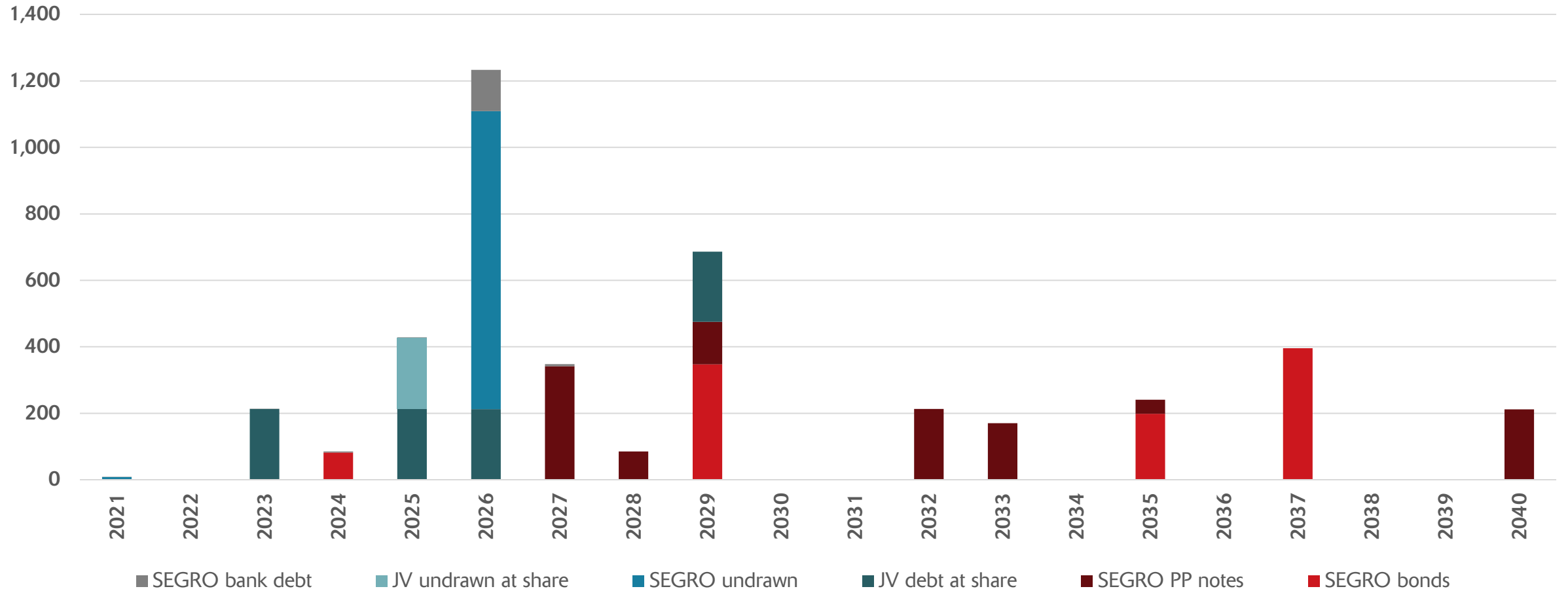
Debt maturity 9.7 years
(9.9 years at end-2020)

£1.2bn liquidity
cash and available bank facilities

2021: c£750m
development capex
2021: c£300m
disposals

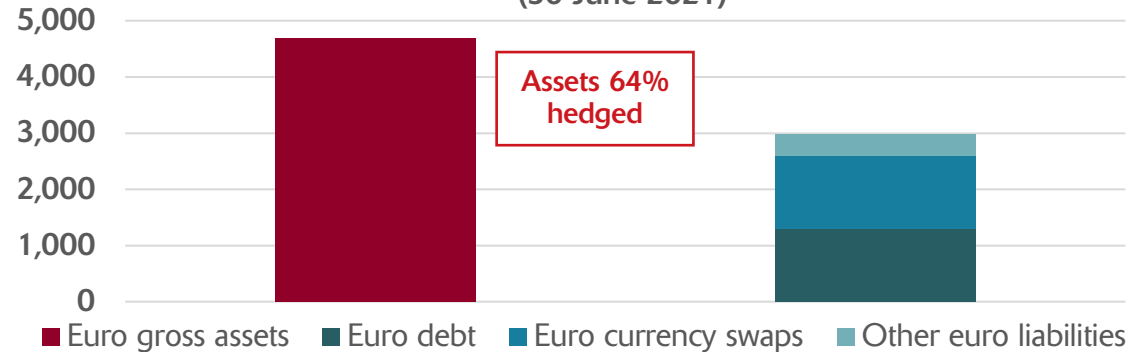
FURTHER IMPROVEMENTS TO THE DEBT STRUCTURE

Debt maturity by type and year, £ millions
(as at 30 June 2021)

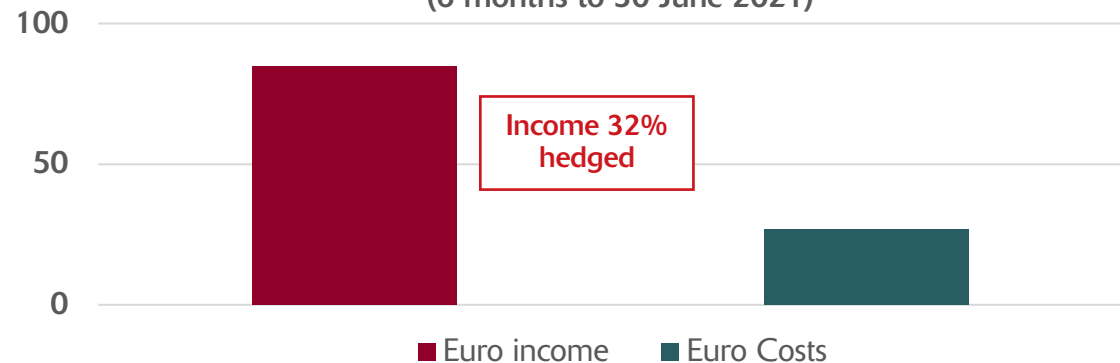


EURO CURRENCY EXPOSURE AND HEDGING

Balance sheet, £m
(30 June 2021)



Income Statement, £m
(6 months to 30 June 2021)



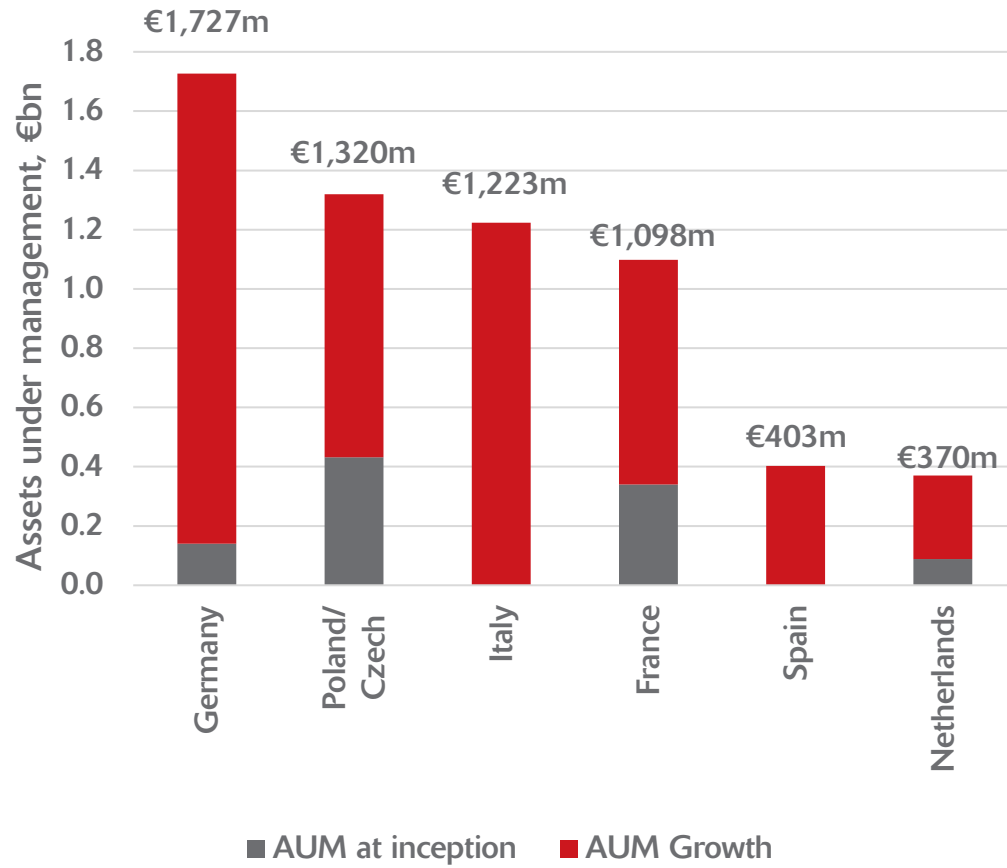
- €1.17:£1 as at 30 June 2021
- € assets 64% hedged by € liabilities
- €1,994m (£1,704m) of residual exposure – 16% of Group NAV
- Illustrative NAV sensitivity vs €1.17:
 - +5% (€1.23) = -£81m (-c6.7p per share)
 - -5% (€1.11) = +£90m (+c.7.5p per share)

- Loan to Value (on look-through basis) at €1.17:£1 is 21%,
- Sensitivity vs €1.17:
 - +5% (€1.23) LTV -0.7%
 - -5% (€1.11) LTV +0.7%

- Average rate for 6 months to 30 June 2021 €1.15:£1
- € income 32% hedged by € expenditure (including interest)
- Net € income for the period €67m (£58m) – 35% of Group
- Illustrative annualised net income sensitivity versus €1.15
 - +5% (€1.21) = -£2.8m (c.0.2p per share)
 - -5% (€1.09) = +3.1m (c.0.3p per share)

SEGRO EUROPEAN LOGISTICS PARTNERSHIP (SELP) HEADLINE FIGURES

Assets under Management
(as at 30 June 2021)



Land and assets
€6.1 bn

Equivalent yield
4.3%

Capital value change
7.9%

ERV growth
1.4%

Headline rent
€262m

ERV
€271m

Occupancy rate
97%

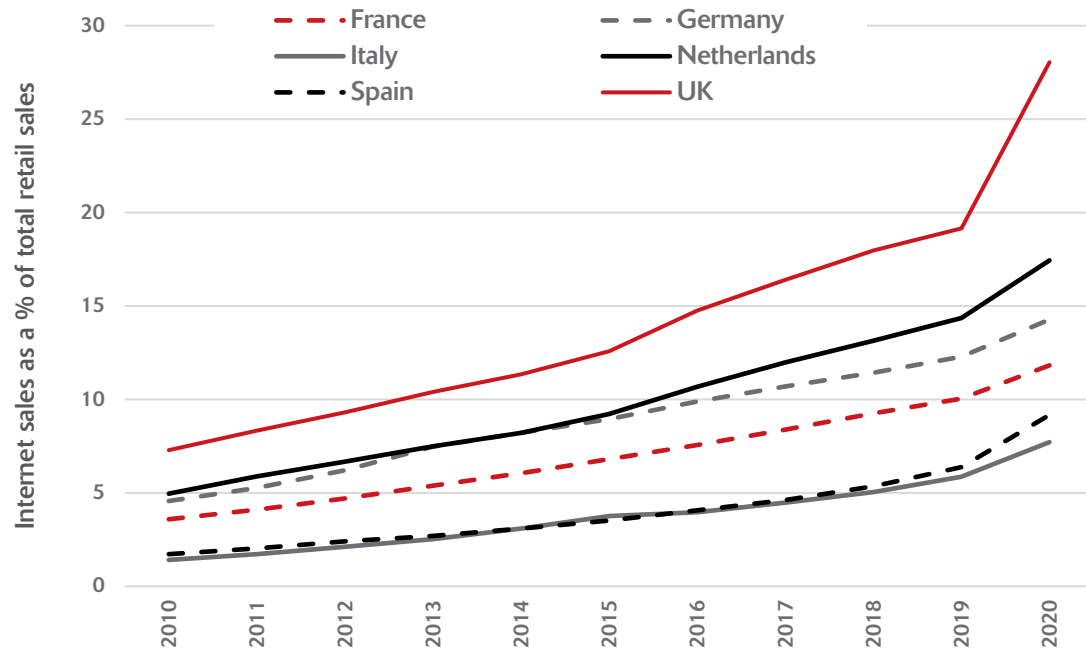
LTV ratio
31%

POSITIONING SEGRO TO DELIVER ON ITS PURPOSE

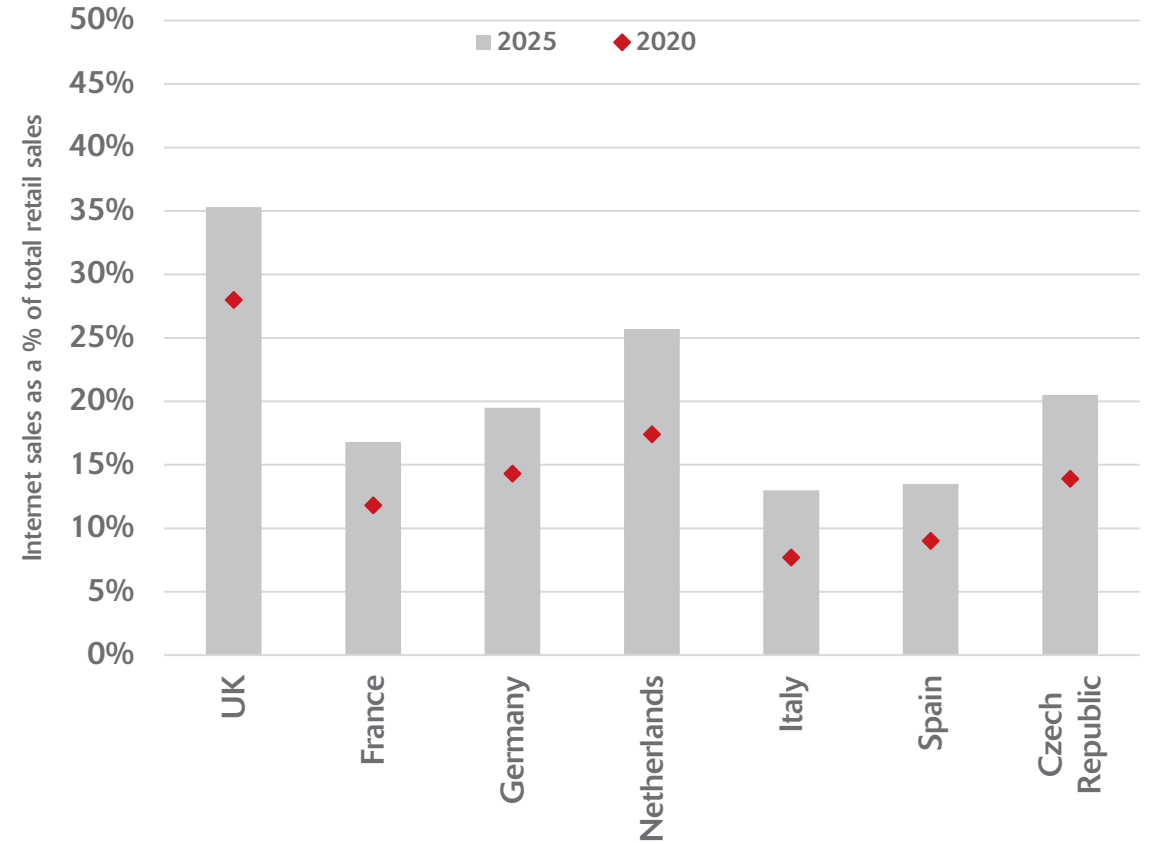
	Championing Low-carbon growth	Investing in our local communities and environments	Nurturing talent
Context	Segro recognises that the world faces a climate emergency and we are committed to playing our part in tackling climate change, by limiting global temperature rise to less than 1.5 degrees, in tandem 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	We will be net-zero carbon by 2030	We will create and implement Community Investment Plans for every key market in our portfolio by 2025	We will increase the overall diversity of our own workforce throughout the organisation
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>

E-COMMERCE PENETRATION

E-commerce penetration grew significantly in 2020....



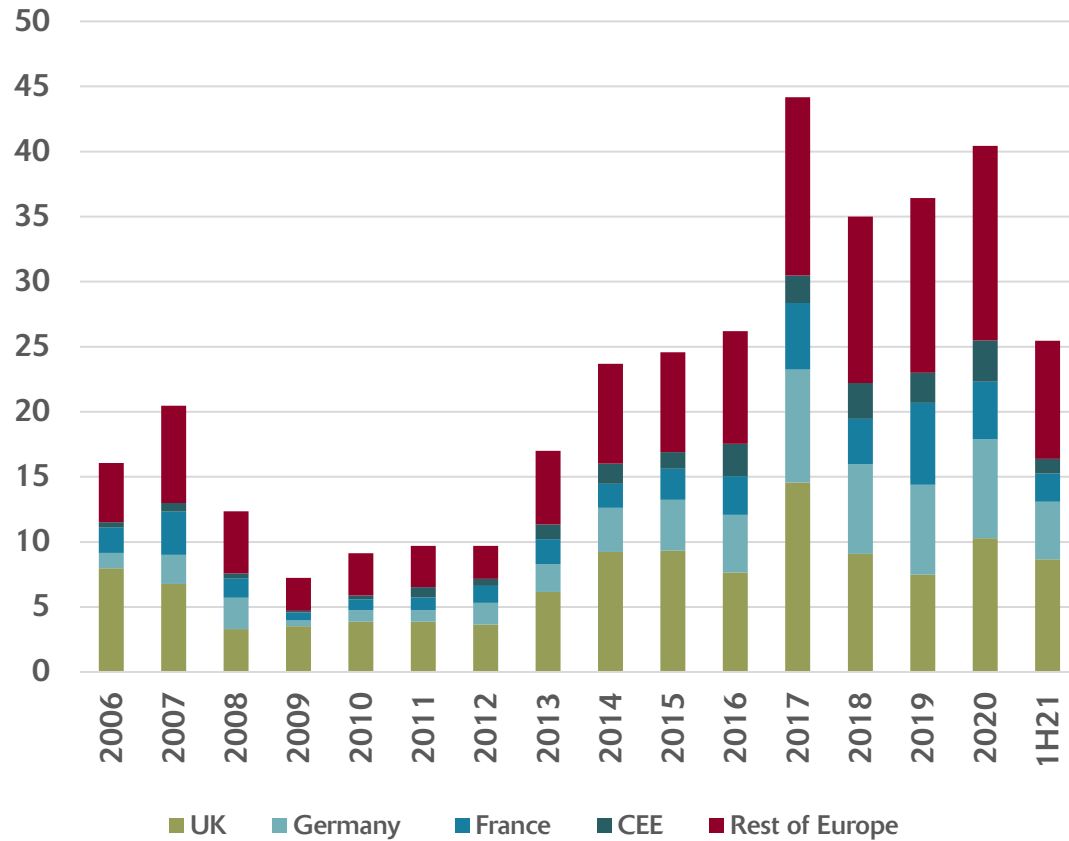
... and is set to grow further by 2025



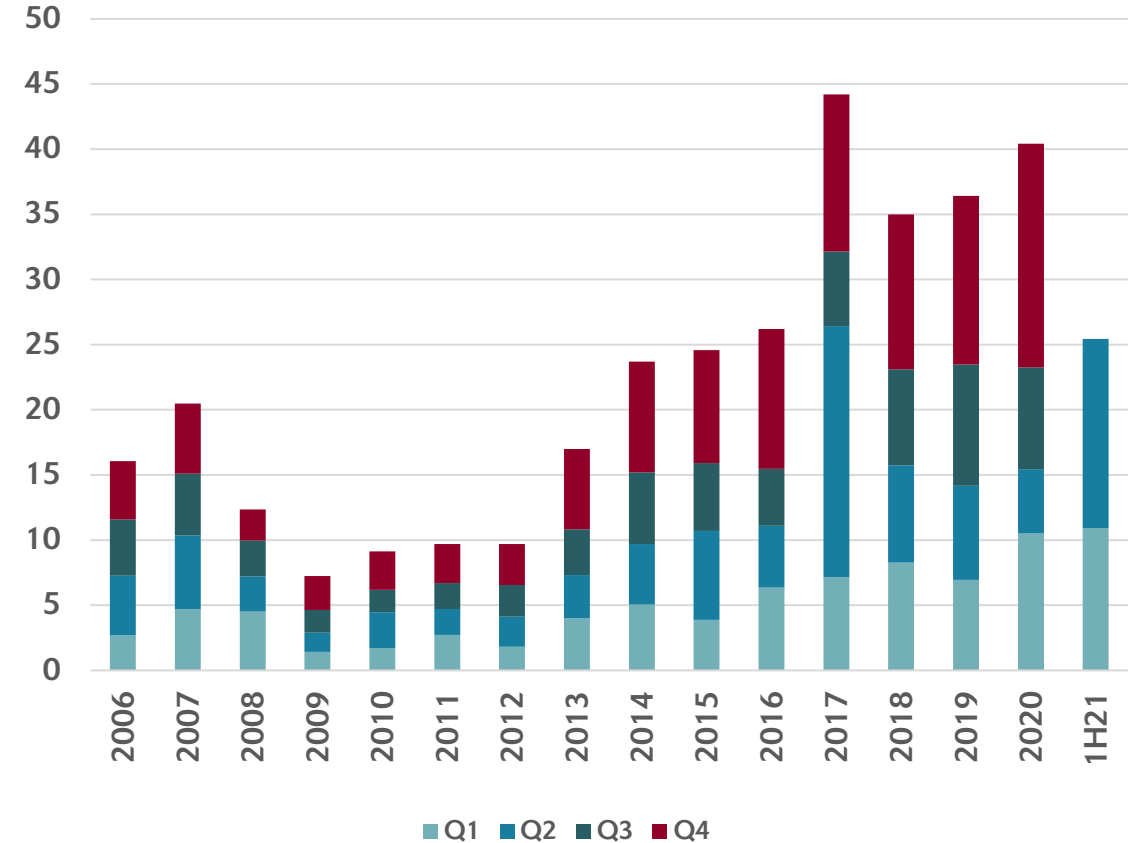
Source: CBRE.

EUROPEAN INDUSTRIAL INVESTMENT VOLUMES

European industrial investment volumes
By geography, €bn



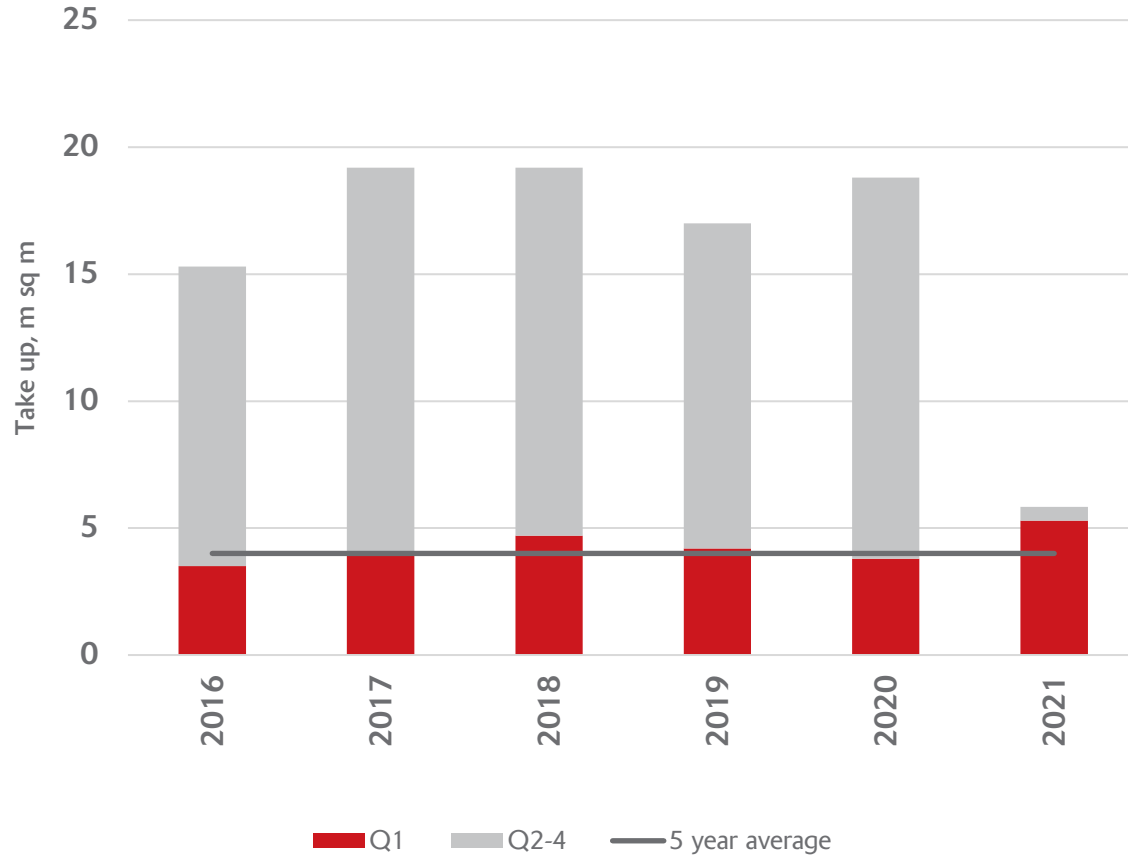
European industrial investment volumes
By quarter, €bn



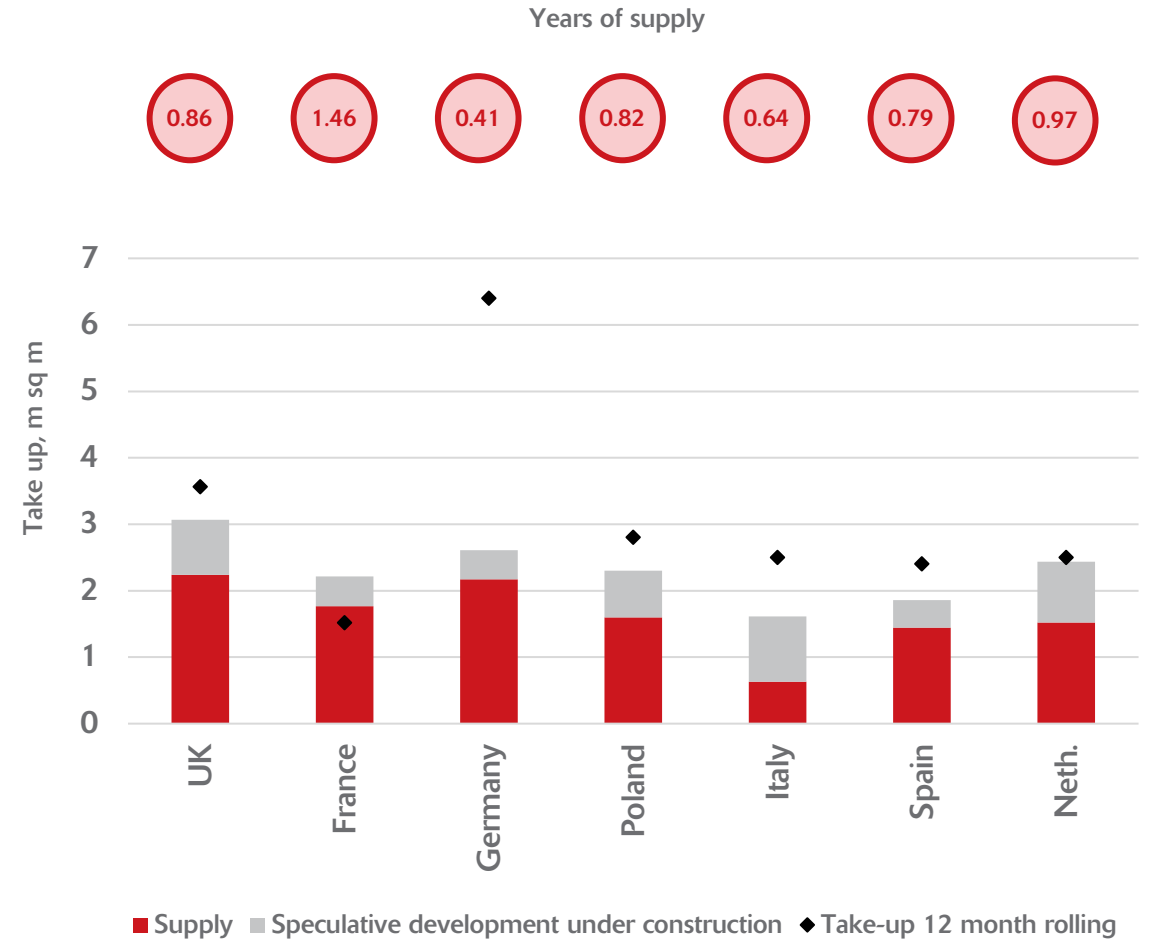
Source: CBRE.

EUROPEAN TAKE-UP AND AVAILABILITY

European take-up by year



European take-up versus supply



Source: JLL.

EUROPEAN LOGISTICS VACANCY

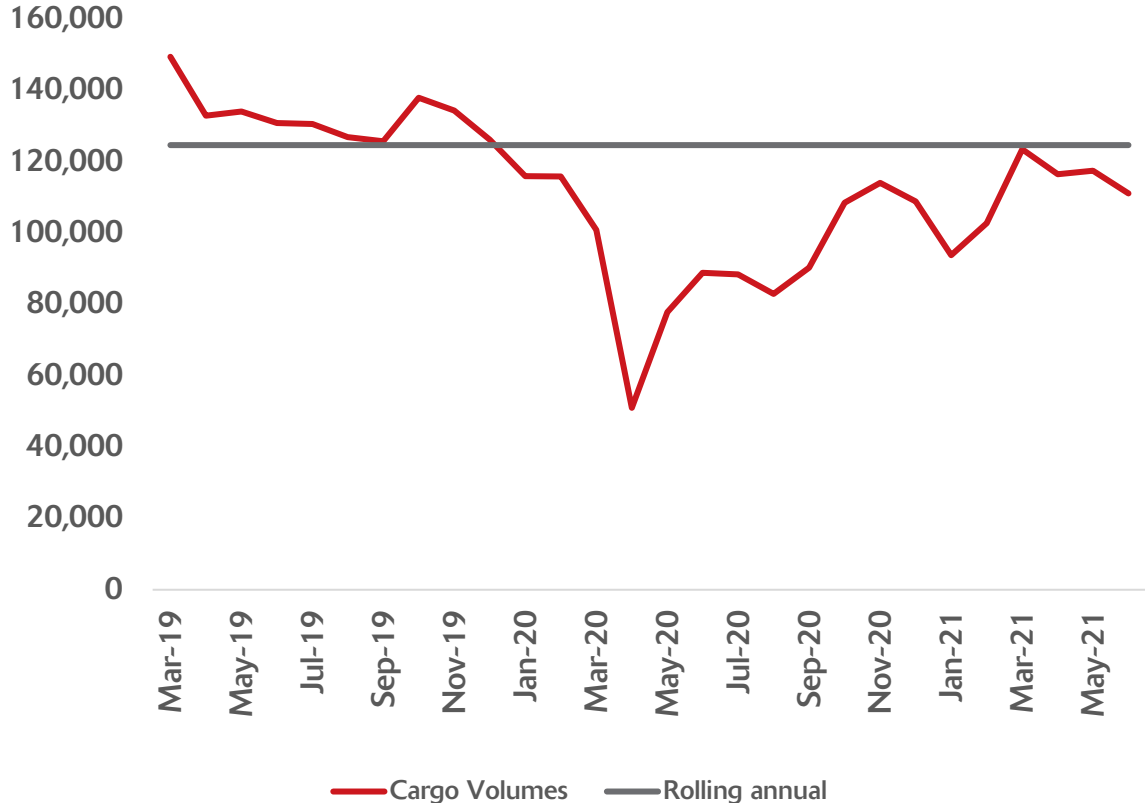
Low European big box
vacancy rate of 4.7%
(Rates at 30 June 2021)



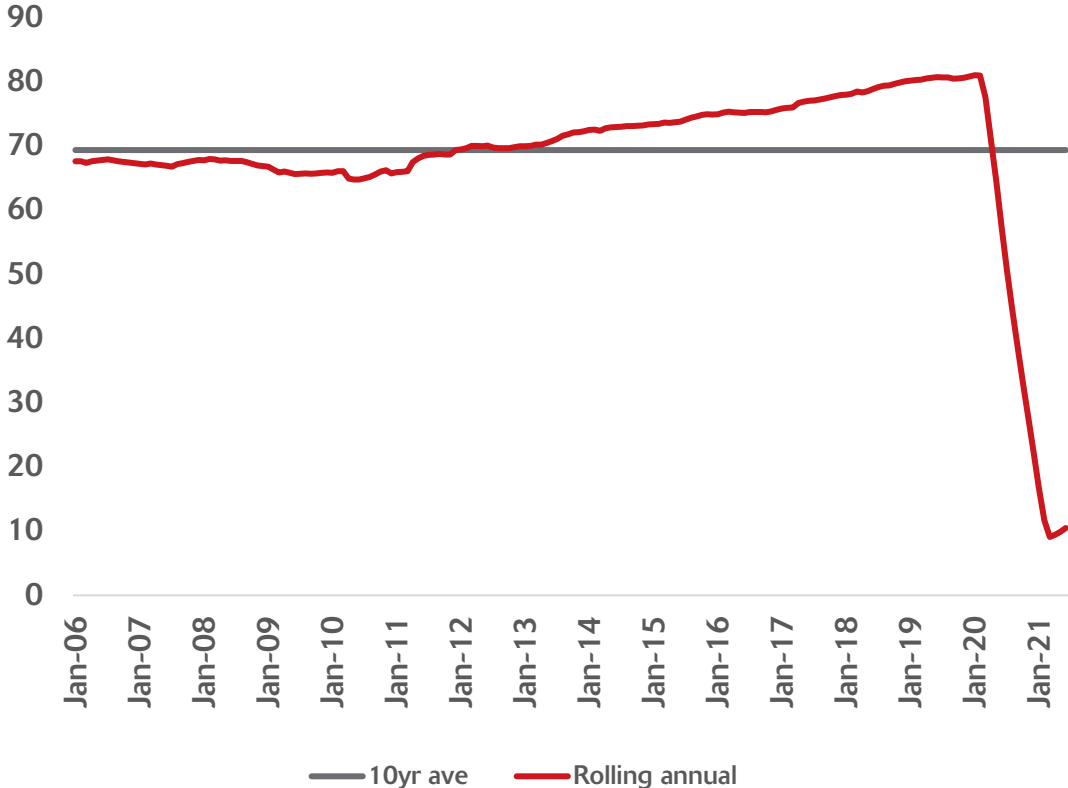
1 Source: JLL.

HEATHROW AIRPORT CARGO AND PASSENGER VOLUMES

Heathrow Airport cargo volumes
(million metric tonnes)



Heathrow Airport passenger volumes
(millions)

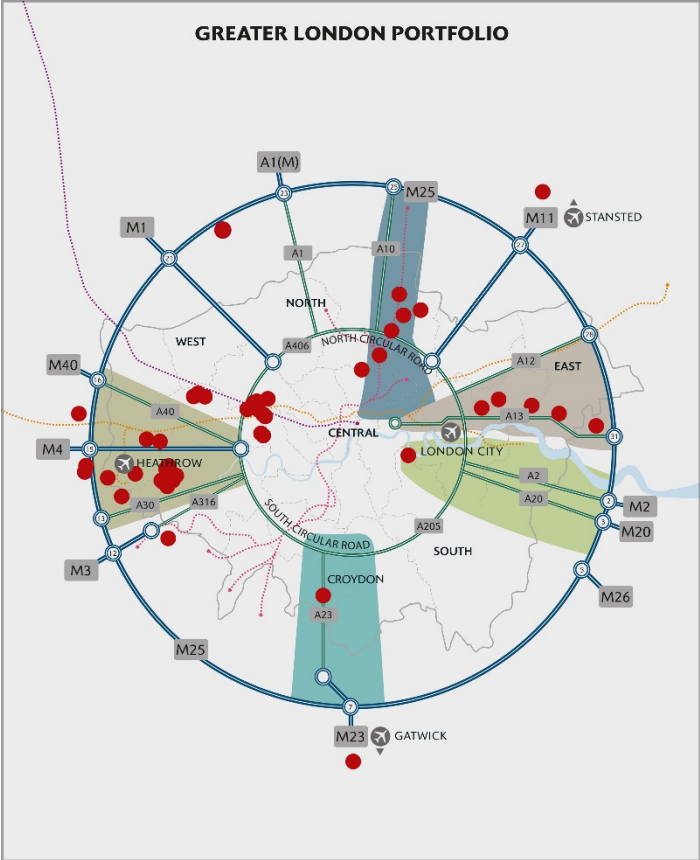


Source: Heathrow Airport.

HEATHROW CARGO AREA



SEGRO GREATER LONDON PORTFOLIO



FORWARD-LOOKING STATEMENTS AND DISCLAIMER

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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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30th July 2021