

Enabling extraordinary things

Annual Report & Accounts 2024

SEGRO

As SEGRO plc has a secondary listing on the regulated market of Euronext in Paris, the official version of the Company's Annual Report and Accounts 2024 has been prepared in the 'European Single Electronic Format' (required to be in XHTML format). This PDF version (in non-XHTML format) is a reproduction of the official version of SEGRO plc's Annual Report and Accounts 2024 and both versions are available on the Company's website.



SEGRO owns, manages and develops modern and sustainable industrial space across Europe. Our portfolio includes both urban and big box warehouses, as well as data centres.

Urban warehouses

Asset type by value

57%

Urban warehouses are located in, or close to, population centres and business districts and provide flexible space for many activities. They are used by a wide variety of businesses that need rapid access to end customers and skilled labour. They are generally situated close to main routes into the city.

Big box warehouses

Asset type by value

33%

Big box warehouses are typically used for storing and processing goods for regional, national and international distribution and are much larger than urban warehouses. They are often located far from the end customer but on major transport routes (mainly motorways and around ports, rail freight terminals and airports) to allow rapid transit.

Data centres

Asset type by value

8%

Data centres house IT infrastructure for building, running and delivering applications and services, including the Cloud and Artificial Intelligence. They are often located close to densely populated areas and major financial centres in clusters known as Availability Zones.

2% other uses of industrial land

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The Directors present the Annual Report for the year ended 31 December 2024, which includes the Strategic Report, Governance Report and audited Financial Statements for the year. References to 'SEGRO', the 'Group', the 'Company', 'we' or 'our' are to SEGRO plc and/or its subsidiaries, or any of them as the context may require. Pages 105 to 131 inclusive comprise the Directors' Remuneration Report and Directors' Remuneration Policy and pages 132 to 133 inclusive comprise the Directors' Report. These have been drawn up and presented in accordance with English company law and the liabilities of the Directors, in connection with these sections, and shall be subject to the limitations restrictions provided by such law. The Annual Report contains forward-looking statements. For further information see page 192.



Responsible SEGRO
For more information on Responsible SEGRO go to page 21



SEGRO.com
For more information on SEGRO's activities and performance please visit our website:
www.SEGRO.com

Our Purpose

We create the space that enables extraordinary things to happen

We are both a creator of exceptional buildings and an enabler for our stakeholders, particularly our customers, employees, and local communities, to achieve extraordinary things. For over 100 years, we have anticipated and responded to their evolving priorities, creating a portfolio of high-quality assets across the UK and Europe.

Striving for the highest standards of innovation, sustainable business practices and enabling economic and societal prosperity underpins our ambition to be the best property company and is evidenced in both our day-to-day and longer term decision making.



Transforming supply chains

Creating logistics parks for the future

Scan here to see the video
www.SEGRO.com/ara24/bigbox



Supporting the growth of high-performing cities

Modern, flexible spaces that meet the needs of ambitious cities

Scan here to see the video
www.SEGRO.com/ara24/urban



Real estate to support the digital economy

An authority on delivering powered shell data centres in Europe

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About SEGRO

Positioned for long-term success

We have a compelling investment proposition and our ongoing commitment to Responsible SEGRO ensures we deliver value for all of our stakeholders.


Our simple but effective business model and the consistent application of our clear strategy have created a portfolio of irreplaceable pan-European warehouses and data centres, as well as an exceptional land bank. They are expertly managed by our market-leading operating platform that drives growth and unlocks value.

This is particularly valuable in a sector where powerful, long-term structural drivers support demand for our space and limit competition.

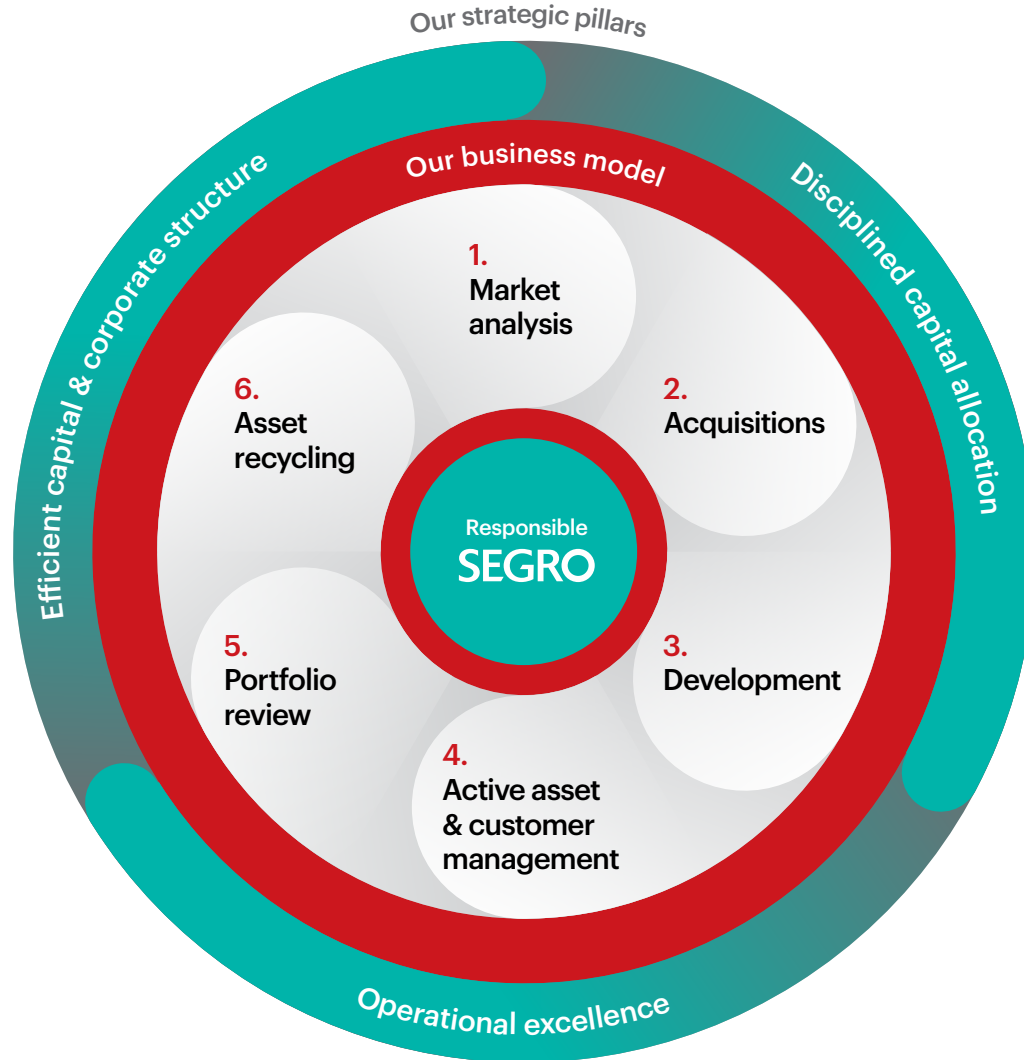
We have the potential to more than double our rental income through proactive asset management of our existing assets and the development of our land bank, supported by a strong balance sheet with plenty of firepower.

 Read more about long-term structural trends, supporting demand for the spaces we create: **pages 4 to 5**

 Find our more about our business model and strategy: **pages 16 to 17**

 Find out more about Responsible SEGRO: **pages 21 to 28**

Our business model and strategy



About SEGRO continued

Our investment proposition

Supportive structural trends

We are focused on the industrial sector where there are long-term structural trends driving occupier demand from a diverse range of business sectors.

>35

different sectors supported

Restricted land availability limits supply response

Weighted towards urban warehousing where there are significant barriers to entry due to land supply and increasingly challenging planning regimes.

67%

of our portfolio is in supply constrained urban areas

Market-leading pan-European operating platform

Our teams on the ground in each market build close relationships with our customers and other business partners, helping us to drive value and create new opportunities.

19

offices in 9 countries

Prime portfolio of existing assets

One of the most modern and sustainable pan-European portfolios focused on the most attractive European markets.

£20.3bn

Assets under Management

Exceptional land bank for development

Our extensive land bank is a rare and valuable asset and an important source of growth, both in terms of the physical assets that it allows us to develop and the rental income that those buildings generate.

£422m

of potential rent from our land bank

Strong balance sheet

A balance sheet with modest leverage and a diverse, long-duration debt profile that provides us with plenty of capacity for investment.


28%


Loan to value ratio

About SEGRO continued

Long-term structural trends, supporting demand for the spaces we create

All four of these structural trends are having a powerful impact on demand for industrial space, where two or more of them combine the effect is even greater.

 Learn more about how the spaces we create enhance local communities and protect the environment: **page 29**

 Learn more about the extraordinary things our customers do in the spaces we create: **page 34**

1 Digitalisation

The digital revolution has led to significant changes in consumer behaviours and in the way people communicate and work. Increased e-commerce penetration across Europe has led to retailers needing to adapt distribution networks to facilitate omni-channel and the growth of logistics to support pure play e-commerce. The explosion of data and adoption of AI is driving expansion of data centre infrastructure across Europe.

Why SEGRO is well positioned:

- Our portfolio of big box and urban warehouses provides space for both fulfillment and last-mile distribution.
- We own the largest hub of data centres in Europe and have a 2.3GW land-enabled power bank focused on Europe's core Availability Zones.

19%

e-commerce penetration across our markets by 2028, a 16% increase from 2024

Source: Euromonitor

2 Urbanisation

Major cities consistently grow faster than their home countries, which increases demand for housing as well as goods and services to support these larger populations. Warehouses are key to delivering many of these goods and services, yet industrial land is increasingly being used for residential development and other uses (including data centres).

Why SEGRO is well-positioned:

- Two-thirds of our portfolio is in urban locations and benefits from this structural shortage of supply.
- We have an incredibly diverse customer base, many of them providing value-add goods and services.
- Our urban customers need to be located close to city centres for rapid access to their end customers and skilled labour.

16%

expected increase in London's population over the next 20 years

Source: ONS

About SEGRO continued

3 Supply chain optimisation

Efficient and reliable distribution networks and supply chains are of vital importance for successful, modern businesses. They allow them to deliver superior customer service, create cost efficiencies and build in resilience; and require modern warehousing in the right locations.

Why SEGRO is well-positioned:

- We manage one of the largest and most modern warehouse portfolios in Europe, with big box warehouses located along key transportation routes and in major logistics hubs, as well as urban warehouses in major cities.
- Our focus on logistics parks and the provision of key infrastructure, such as strategic rail freight interchanges, attracts the most ambitious and innovative businesses.

42%

of European firms have nearshored, friendshored or diversified production in the past five years

Source: European Central Bank: Global production and supply chain risks: insights from a survey of leading companies

4 Sustainability

Businesses are increasingly focusing on the impact of their operations on the environment and the buildings that they occupy play an important part in this. Our customers are looking to minimise their own carbon footprints and reduce their overall occupancy costs. Buildings need to be sustainable in the long term and use natural resources efficiently.

Why SEGRO is well-positioned:

- Our Mandatory Sustainability Policy ensures that we build to the highest sustainability standards.
- 76 per cent of SEGRO's portfolio has an EPC rating of 'B' or better and we have an active programme to upgrade older assets when the opportunity arises.
- We added a record level of solar to our rooftops during 2024, taking our installed capacity to 123 MW.

64%

of logistics occupiers are planning to be net-zero across their property footprint by 2030

4 Source: CBRE European Logistics Occupier Survey 2024

About SEGRO continued

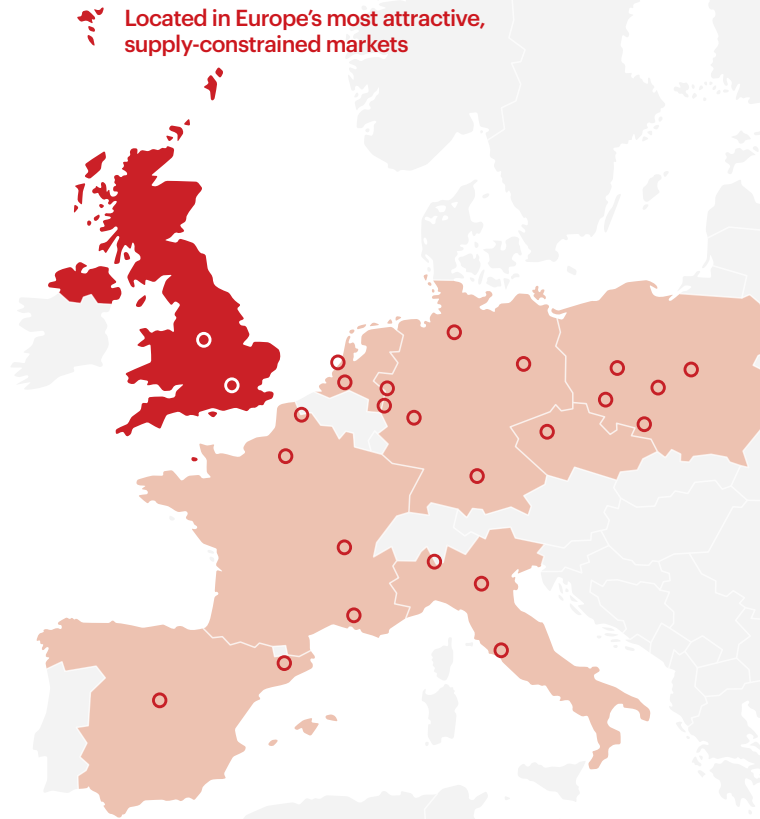
A strategically located portfolio

Our buildings are used by a diverse customer base, many of whom we work with across Europe.

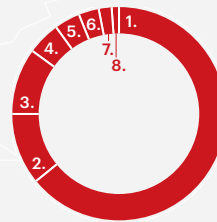
Our portfolio is located in densely populated and supply-constrained cities, as well as key transportation corridors and logistics hubs across eight European countries.

The composition of our portfolio has been driven by a deep understanding of our customers' needs, as well as our in-depth analysis of key regional characteristics, such as population density and infrastructure networks. Our teams on the ground in each of our key regions supplement their local knowledge with data driven insights from our Location Assessments, which draw upon millions of data points across an ever-evolving European market.

Located in Europe's most attractive, supply-constrained markets



Geographical split by value (SEGRO share)



1 UK	65%
2 France	11%
3 Germany	10%
4 Italy	5%
5 Poland	4%
6 Netherlands	2%
7 Spain	2%
8 Czech Republic	1%

Our top 20 customers

	Urban warehouse	Big box warehouse	Data centre
1 Amazon	●	●	
2 Deutsche Post DHL	●	●	
3 Virtus			●
4 Royal Mail Group	●	●	
5 Fedex	●	●	
6 Worldwide Flight Services	●		
7 GXO	●	●	
8 British Airways	●		
9 Global Technical Realty			●
10 Equinix			●
11 Maersk	●	●	
12 CEVA	●	●	
13 Tesco Group	●	●	
14 La Poste (DPD)	●	●	
15 Iron Mountain			●
16 Evri	●	●	
17 DP World		●	
18 Ocado	●		
19 Swissport	●		
20 SDA		●	

A diverse customer base including 1,369 businesses from >35 different sub-sectors

Transport and logistics	23%
Retail (physical, online and hybrid)	18%
Food and general manufacturing	15%
Technology, media and telecoms	11%
Post and parcel delivery	10%
Wholesale distribution	9%
Services and utilities	7%
Other	7%

About SEGRO continued

Delivering value for all of our stakeholders

A strong operating performance and excellent progress with our Responsible SEGRO targets.

New headline rent contracted

£91m
2023: £88m



'Your Say' engagement score

86%
2023: 89%

Solar capacity

123MW
2023: 59 MW

Investment into portfolio

£925m
2023: £931m

Uplift from rent reviews and renewals

34%
2023: 31%



Average embodied carbon intensity

318 kgCO₂e/sq m
2023: 331 kgCO₂e/sq m

Development completions

374,700 sq m
2023: 625,700 sq m



Employee volunteering days

700
2023: 707

Customer satisfaction


86%
2023: 88%

Our Purpose in action

Creating extraordinary spaces across our portfolio

We challenge ourselves to pursue excellence in every aspect of our business. This ensures that we think creatively, innovate, explore new ways to serve our customers, challenge market norms, and strive to stay one step ahead of the competition.

In this year's Annual Report & Accounts we have highlighted three assets, one from each of our portfolio segments (urban, big box and data centres), and explore how these spaces that we have created are enabling extraordinary things to happen.

 Learn more about how the extraordinary things our customers are doing on these estates on: **page 34**

 Learn more about how these assets are enabling extraordinary things for all our stakeholders on: **page 29**

Transforming supply chains

Logistics parks of the future

Sustainable growth, thriving economies, and meeting the needs of growing populations rely on optimised and efficient supply chains.

SEGRO's development-led approach enables delivery of sustainable, flexible warehouse space for our diverse range of customers and critical infrastructure to help move goods efficiently.

SEGRO Logistics Park East Midlands Gateway ('SLPEMG') is a 700-acre site which was transformed, with zero waste to landfill, into a logistics park for the future. Connected by a Strategic Rail Freight Interchange, SLPEMG enables 11 customers and 7,000 workers to move millions of goods and parcels.

The on-site rail terminal, operated by Maritime, transports goods across the UK, linked by rail to other strategic rail freight interchanges and major UK ports such as Southampton, Felixstowe, London Gateway and the Channel Tunnel. Every tonne of freight transported by rail emits 76 per cent less carbon compared to road haulage.



Scan here to see the video
www.SEGRO.com/ara24/bigbox



Our Purpose in action continued

**Supporting the growth
of high-performing cities**

Modern, flexible spaces that meet the needs of ambitious cities

Growing European cities increase demand for goods and services as well as employment.

SEGRO is a leading owner and developer of modern, sustainable urban warehouse space, located on the edge of some of Europe's largest cities. Our spaces are carefully designed to help enhance our customers' performance and deliver tangible value for the communities in which they are located.

SEGRO Park Berlin Airport epitomises this approach. Located near Berlin Brandenburg Airport, we created a park comprising a mix of light industrial and logistics warehouses, ranging from 500 to 17,000 sq m. The park incorporates sustainable building practices such as photovoltaic systems and market-leading DGNB (German Sustainable Building Council) certification. It is now home to 77 customers and a greater than 2,000 strong workforce serving Berlin and beyond.



Scan here to see the video
www.SEGRO.com/ara24/urban

**Real estate to support
the digital economy**

An authority on delivering powered shell data centres in Europe

The rapidly advancing digital economy is driving innovation and global connectivity, with data centres serving as the essential backbone for digital services, including websites, apps, cloud computing, business operations and increasingly Artificial Intelligence.

SEGRO is a leading enabler of this critical infrastructure with over 20 years' experience delivering powered shell warehouses on the Slough Trading Estate.

The Trading Estate is now home to 31 data centres (including one under construction), with a headline rent of £55m (8 per cent of the Group), and is Europe's largest cluster of data centres. Proximity, Power and Planning are the key elements of a successful data centre development strategy and the Trading Estate has all three of these, with the Simplified Planning Zone creating a significant competitive advantage. SEGRO is well placed to continue unlocking the data centre potential that we have in Slough as well as in other key Availability Zones across Europe, with our 2.3GW land-enabled power bank.



Scan here to see the video
www.SEGRO.com/ara24/datacentres

Strategic Report

In this section we review SEGRO's performance during 2024 and discuss its future prospects. We also show how our business model creates value for all of our stakeholders, how our strategy drives our performance and how our responsibility that goes beyond the space we own continues to differentiate us.

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Our strategy and business model

Our simple but effective business model, combined with our clear and consistent strategy, supported by our strong culture and Values, are key to our ambition of becoming the best property company.

Find out more about our strategy: **page 16**



Responsible SEGRO

Responsible SEGRO lies at the heart of our strategy. It focuses on three priorities which we have identified as enabling us to make the greatest business, environmental and social contribution.

Find out more about Responsible SEGRO: **page 21**



Performance review

Our business performed well during 2024, delivering growth through both the existing portfolio and our development programme.

Find out more about our performance in 2024: **page 35**

Chief Executive's statement



Scan here to see the video
www.SEGRO.com/ara24/David-Sleath



David Sleath
Chief Executive

SEGRO has performed well during 2024. Our prime portfolio of modern, sustainable warehouses and data centres, located in the most attractive and supply-constrained markets and managed by our market-leading operating platform, has continued to deliver growth.

We have increased the level of contracted rent signed and delivered strong operating metrics, despite the macroeconomic and geopolitical conditions which impacted wider business confidence during parts of 2024. This has been possible due to the application of our clear strategy to drive performance from our existing portfolio, allocate capital into the most profitable development and acquisition opportunities, and maintain an appropriate and efficient capital structure. This consistent strategy has ensured that our business is well-placed to take advantage of an inflection point in occupier markets.

We are pleased to report a 5.5 per cent increase in Adjusted earnings per share and we are therefore recommending a 5.4 per cent increase in the total distribution to our shareholders to 29.3 pence for 2024 (2023: 27.8 pence) through payment of a 20.2 pence per share final dividend.

Highlights of the year included:

- £91 million of new headline rent contracted, including £38 million from rent reviews, renewals and indexation in the existing portfolio as we continue to successfully capture the reversion embedded within it. Lease events in the UK delivered a record 43 per cent average rental uplift from reviews and renewals.
- Development completions equating to £37 million of potential headline rent, of which 84 per cent has been secured, expected to deliver a yield on cost of 6.9 per cent. 97 per cent of these projects have been, or are expected to be, certified at least BREEAM 'Excellent' (or local equivalent).
- Leveraging our local knowledge and strong relationships to acquire £431 million of highly-reversionary assets in core markets with strong growth potential, and recycle £896 million of assets and land which offered less attractive risk-adjusted returns.

- Proactive work to source power connections and prepare land to support future data centre development with an increase in our power bank opportunities to 2.3GW.
- Continued progress in addressing our carbon footprint. In particular, we reduced the average embodied carbon intensity of our development programme by 4 per cent and doubled our installed solar PV capacity to 123MW.
- Almost 1,000 volunteering days delivered from projects associated with our Community Investment Plans (we now have 14 following the addition of plans in Italy and Spain).
- £907 million equity raise in February 2024 which provided us significant firepower to invest in profitable growth opportunities in 2024 and as we head into 2025.

¹ Proportionally consolidated figures and metrics: SEGRO owns assets both wholly itself and through stakes in 50:50 joint ventures. In the Financial Statements, the profit from joint ventures is stated as a single figure in the Income Statement and the net asset value of joint ventures is stated as a single equity figure on the Balance Sheet; Note 7 to the Financial Statements provides the component parts of these figures. In operational terms, SEGRO does not distinguish between assets held in joint ventures from those assets which are wholly-owned. Therefore, unless specifically stated, in the Strategic Report, performance metrics and financial figures are stated reflecting SEGRO's wholly-owned assets and its share of joint venture assets (known commonly as a 'proportionally consolidated' basis). Where the Strategic Report refers to the area of a property, it is stated at 100 per cent of the space, irrespective of whether the property is wholly-owned or held in a joint venture.

² EPRA and Adjusted metrics: The Financial Statements are prepared under IFRS. SEGRO management monitors a number of adjusted performance indicators in assessing and managing the performance of the business which they believe reflect the underlying recurring performance of the property rental business which is the Group's core operating activity. These include those defined by EPRA as part of their mission to establish consistency of calculation across the European listed real estate sector. Pages 162 to 163 contain more information about the adjustments and the reconciliation of these to IFRS equivalents. SEGRO discloses EPRA alternative metrics on pages 184 to 190. Adjusted NAV per share is in line with EPRA NTA.

³ Percentage valuation movement during the period based on the difference between opening and closing valuations for all properties including buildings under construction and land, adjusting for capital expenditure, acquisitions and disposals. More details are provided on page 35 and Table 3 in the Supplementary Notes.

Financial highlights¹

Adjusted profit² before tax

£470m +14.9%

2023: £409m

Adjusted earnings per share²

34.5p +5.5%

2023: 32.7p

Adjusted NAV per share²

907p

2023: 907p

Portfolio value³

£17.8bn +1.1%

2023: £17.8bn

IFRS profit before tax

£636m

2023: £263m loss before tax

IFRS earnings per share

44.7p

2023: (20.7)p

IFRS NAV per share (diluted)

889p

2023: 886p

Loan to value ratio

28%

2023: 34%

Chief Executive's statement continued

A bird's eye view of 2024 Occupier markets remain in balance and are reaching an inflection point

Two-thirds of our portfolio is located in Europe's largest, fastest growing and most densely populated cities. Our urban warehouse portfolio attracts a highly diverse customer base which provide value-add goods and services and which need to be within easy reach of their customers and skilled employees. These dynamic businesses tend to have greater pricing power, making them less sensitive to short-term macroeconomic factors and more focused on harnessing growth.

We experienced good levels of occupier demand during 2024, particularly in the final part of the year. As a result we added new customers in fast-growing sectors such as robotics and pharmaceuticals, and saw existing customers move into larger premises to meet their growth ambitions or into our refurbished and newly developed space to suit their wider business priorities, not least meeting their sustainability ambitions. Our German urban portfolio performed particularly well, with strong demand for our newly developed space in and around some of Germany's largest cities. Customers located in our UK urban markets have been discerning around their real estate decision making over the past 12 months. Many of them are very location sensitive so have renewed leases on their existing space, whilst others have been expanding. A small number, often lower margin businesses or those who can be more flexible around location, have opted to move out to lower cost more secondary markets but this remains limited.

The supply situation in most of our urban environments remains tight, meaning that rental values continue to rise at more sustainable levels than we saw during the pandemic. Land in major European cities remains in short supply and is shrinking, not least as a result of planning regimes which often favour alternative property types, most notably residential, and green belt land remains very difficult to unlock.

This has capped the delivery of new speculatively built space, which has helped to keep supply of new space in our chosen sub-markets in-check.

The other one-third of our portfolio is big box warehouses, located in key logistics hubs and along major transportation routes, the most strategic locations for customers looking to optimise their supply chains and improve distribution networks. The pandemic years resulted in exceptional demand for this type of space. We were always mindful that the levels of demand seen during this period were likely to be unsustainable and recent macroeconomic and geopolitical conditions have accelerated the normalisation, resulting in lower pre-let leasing volumes during 2024. Despite this, data released recently by Savills indicates that European big box take-up was 4 per cent higher than the pre-pandemic period of 2015-2019.

Supply of big box logistics product continued to gradually increase into the first half of 2024 as an elevated amount of new speculatively built space was delivered. This response was stronger in some markets than others: market vacancy rates have increased more in the UK and Poland than in France and Germany, for example, but they remain below historical averages. Lower levels of new construction starts over the past 18 months have meant that additional supply is now being absorbed and vacancy rates have likely peaked across most of our markets. Accordingly, the supply-demand outlook appears set to strengthen from here.

Across both our urban and big box markets, our conversations with customers tell us that they are continuing to focus on adapting their businesses for increased levels of e-commerce penetration, optimising their supply chains (manufacturers were the largest takers of space in Europe during 2024) and improving the carbon footprint of their businesses. These structural drivers remain important and should result in an acceleration of occupier activity, particularly as business confidence improves in response to evolving macroeconomic conditions and greater political certainty.

Indeed, during the last months of 2024 we saw a pick-up in enquiry levels for both our urban and big box space across all of our markets. Heading into 2025 we therefore have a number of advanced conversations for lettings on existing space and for pre-lets.

As a result of these dynamics, we saw continued rental growth for prime industrial space at rates similar to sustainable, pre-pandemic levels, and we expect this to strengthen as occupier demand accelerates.

Standing portfolio driving performance, land bank primed and ready to respond to pick up in occupier demand

Our focus on Operational excellence has been key to unlocking the reversionary potential within our portfolio, most of which sits within our UK assets. Our prime portfolio and our active approach to managing our estates and working with our customers has helped us capture a 43 per cent uplift on rent reviews and renewals in the UK (34 per cent across the Group) whilst maintaining high levels of retention.

We have continued to take back older, urban space when the opportunity arises to refurbish and redevelop, helping to ensure that our portfolio meets the highest standards, including sustainability credentials, which are increasingly important to occupiers. This, combined with the completion of some speculative schemes that we started at the peak of the market, has meant that occupancy has reduced to 94 per cent (2023: 95 per cent), at the lower end of our target 94 to 96 per cent range. Around half of this is within our London portfolio, where we have the most opportunities for such repositioning. We are finding that when we return this newly refurbished space to market, we are capturing significant rental uplifts and letting the space faster, showing that this asset management activity is creating value.

External factors that impact our business

Our business is affected by both cyclical factors and structural trends. These impact both our occupier markets and the demand for industrial and logistics assets in investment markets. In the 'Bird's Eye View' section of our CEO statement we explain what they meant for our business during 2024 and give some thoughts on how they will shape it going forward.

Cyclical factors

- Macroeconomic environment
- Interest rate cycle
- Competitive supply

Structural drivers (see pages 4 to 5)

- Digitalisation of our economies
- Urbanisation
- Supply chain optimisation
- Sustainability

Chief Executive's statement continued

We generally choose to develop our big box schemes on a pre-let basis to limit development risk, so reduced pre-let volumes across the market in 2024 have resulted in a lower level of development completions, development spend and new projects than we have seen in recent years. We recently commenced a speculative big box scheme in Dortmund based on the shortage of supply in that region and the encouraging level of enquiries that we are seeing, and, based on the conversations we are having with occupiers in other markets, we expect to see development volumes pick up as the year progresses. We have continued to progress our speculative urban schemes in markets where occupier demand has been more buoyant, for example in German urban markets such as Berlin, Cologne and Düsseldorf.

Our development teams have also been working hard on preparing future schemes, including progressing large-scale infrastructure works at our big box developments in Northampton and Radlett. We are also actively progressing the data centre opportunity within our portfolio, working to secure planning and power for the more than 2.3GW of opportunities that we have identified across Europe – the approval of the Simplified Planning Zone – on the Slough Trading Estate, with its expanded parameters, will provide a significant competitive advantage in the delivery of several projects.

Liquidity in investment markets has improved and asset values appear to have stabilised

Inflation falling back towards central bank targets and initial interest rate cuts helped liquidity return to investment markets during 2024 and there continues to be good investor appetite for industrial and logistics assets.

This has led to higher investment volumes and has helped yields to stabilise. Prime yields in the UK were flat during 2024 (CBRE prime yield remained at 5.25 per cent throughout the year) and although there was some small further outward yield shift in certain European markets in the first six months of the year, most markets were stable in the second half of the year. (CBRE prime yield France +15 basis points and Germany +10 basis points, all in the first six months of 2024).

Finance costs remain elevated which means most debt-backed buyers have been active in the higher yielding end of the market. This has resulted in less capital chasing lower yielding, prime assets. Investors have been selective, focusing on assets in the best locations with the highest sustainability credentials and where there is reversionary potential that can be captured quickly.

The outlook for yield and asset valuations is notoriously hard to forecast. The recent 'higher rates for longer' narrative has so far not had a discernible impact on investment market liquidity. However, as active portfolio managers, we do not rely on yield compression but aim to create value across the property cycle through asset and portfolio management and driving rental growth.

Allocating our capital into the opportunities with the most attractive risk-adjusted returns

We remained disciplined in our allocation of capital during 2024. Although quieter pre-let markets across Europe resulted in lower investment into development than anticipated, we took advantage of investment market conditions and attractive pricing to acquire assets in our core markets which offer potential for strong mid-term returns.

Our investment teams used their local market knowledge and strong relationships to identify opportunities to acquire high-quality assets in prime markets, where we have less land (and therefore less development opportunity), which complement our existing portfolio and offer strong rental growth potential.

We were also agile in our recycling of capital, completing almost £900 million of disposals. Around half of these were sales of assets and land where we had identified special or motivated purchasers, crystallising very attractive profits versus book value. We also sold other assets that we had identified during our annual asset review process as having weaker future returns potential.

During the year, we made an all-share offer to acquire Tritax Eurobox plc, an externally managed REIT with a portfolio of high-quality big box warehouses in Continental Europe, whose shares had consistently traded at a significant discount to its net asset value. Although we were unsuccessful in buying the company due to a rival, higher, offer, we instead negotiated a transaction with the eventual purchaser on behalf of our joint venture, SELP, for six assets in Germany and the Netherlands, exchanging contracts in January 2025 and we expect to complete on this transaction later in the first quarter. This is the part of the portfolio over which we had the most conviction and our decision not to counterbid reflects our determination to maintain capital discipline.

Balance sheet remains strong with plenty of firepower

Our balance sheet is in great shape, with moderate leverage and limited near-term refinancing requirements. In the past six months, we have taken advantage of liquidity in debt capital markets to issue an eight-year €500 million Eurobond from SEGRO and a seven-year Eurobond from SELP at coupons of 3.5 and 3.75 per cent, respectively, which have extended our average debt maturities and had only a modest impact on our 2.5 per cent weighted average cost of debt.

We raised £907 million through an equity placing in February 2024, to deploy into the most attractive development and investment opportunities as activity in occupier markets picks up. This, alongside the proceeds of disposals, provides us with significant firepower for continued investment.

Recent acquisitions, deliberate portfolio management and our ongoing development pipeline have allowed us to achieve critical mass in most of our markets, which means we will be able to deliver increased operational leverage as we grow our business. We have also been investing in developing our digital capabilities to drive cost efficiency and create a more scalable, technology-enabled platform.

Significant value creation opportunity in data centres

One area that continues to grow regardless of the macroeconomic environment is the data centre sector, which is being driven by the exponential growth in demand for data as consumers digitalise their day-to-day lives, and companies increasingly use data to drive their businesses and move to cloud-based technology solutions. The growth of generative artificial intelligence is also seeing very significant investment into data centres by so-called 'hyperscalers'.

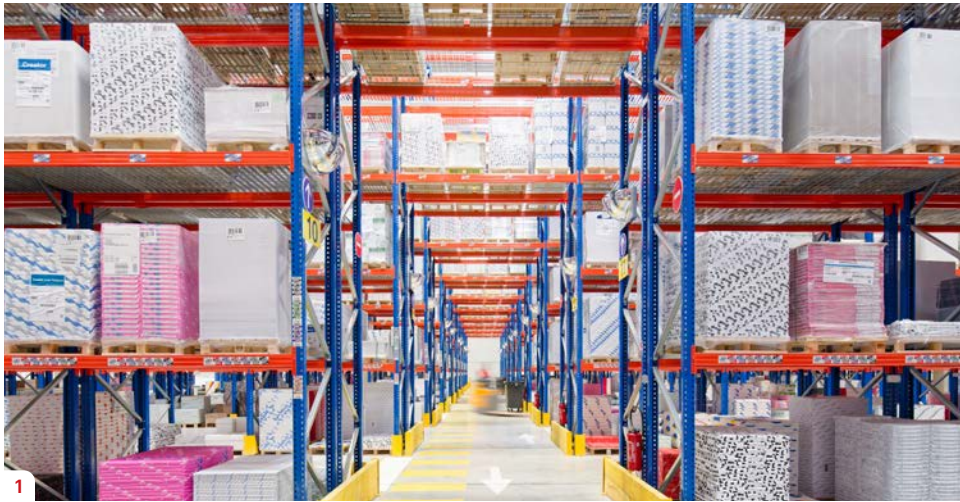
Demand for data centres comes from two main sources:

- Cloud: businesses are increasingly transitioning their IT infrastructure to data centres, ideally with low latency, enabling applications for end user businesses and consumers to be run remotely instead of running software and storing data locally. This demand is typically focused on Availability Zones.
- Artificial Intelligence: this is expected to drive significant growth. Many of the large hyperscalers (such as Amazon Web Services, Microsoft and Google) have announced significant investment into their European data centre capacity over recent months. The 'inference' (user-interface) element of this demand is likely to focus on key Availability Zones but the 'generative' (machine-learning) element can happen in more remote locations where power is more readily available.

Supply of new data centres is limited by a lack of power infrastructure, a shortage of land and restrictive planning permissions in key Availability Zones across Europe – which in turn is driving strong rental growth and high land values.

We have chosen to focus our data centre investment on key Availability Zones, close to major urban conurbations and aligned with our existing urban footprint, which means that we are positioned to benefit from both growth in the Cloud as well as the 'inference' elements of AI that require close proximity to end users. It also means we retain maximum flexibility in this fast-evolving space.

Chief Executive's statement continued



1



2

1 SEGRO Logistics Centre Elancourt
Politzer

2 Yusen Logistics, SEGRO Logistics
Park Northampton

We have been active in this market for over 20 years, mainly providing powered shells to some of the world's largest data centre operators. Our existing data centre portfolio (including projects under development) currently represents over 0.5GW of capacity and the rental income equates to 8 per cent of our headline rent. Today, the vast majority of this installed capacity is on SEGRO's Slough Trading Estate which we believe to be the largest hub of data centres in Europe. We have used the knowledge and expertise, and customer relationships developed through the creation of this cluster to identify similar opportunities across our portfolio where we have secured, or believe we can secure, planning and power.

The total opportunity set or 'power bank' on sites we own where we have, or believe, we can secure power equates to 2.3GW of potential capacity, including the 0.5GW in respect of existing data centres which are operational or under construction. We expect to add to this over time as our teams work hard to secure the necessary power and planning permissions. The Simplified Planning Zone status of the Slough Trading Estate already provides a significant competitive advantage in respect of planning on several of these sites.

As we already mentioned, our preferred data centre model to date has been to develop pre-let powered shells: we provide the real estate and arrange, with our partners, the power capacity and our customers fit out and operate or sub-lease the space themselves. All of our lettings have been to co-locators so far, but we are having active conversations with hyperscalers for some of our larger sites.

We expect this approach will continue to be used for certain opportunities within our pipeline. However, as the data centre market and our own opportunity set has evolved and grown, we see significant potential to create value through developing fully-fitted data centres, initially working alongside partners who will provide the operational expertise.

As always we will take a disciplined approach to our capital allocation choices, seeking to deliver the most attractive risk-adjusted returns on every opportunity.

During 2024, we sold a land holding in Continental Europe where we had obtained planning permission and secured a large allocation of power, in a location not aligned with our view of the core Availability Zones. We were able to crystallise a significant profit on cost, whilst taking no development risk. We also realised an attractive 100 per cent profit on development cost from the sale, to an occupier, of two long-leased data centres in Slough with limited medium-term growth potential. We also invested in expanding our pipeline of opportunities by securing and progressing additional power connections across Europe.

Committed to creating value for all of our stakeholders

Our Responsible SEGRO ambitions remain embedded in the way we do business, and we continue to work hard towards achieving the challenging targets that we have set ourselves.

We remain committed to our low-carbon growth goal: reducing the embodied carbon in our development programme, improving the energy efficiency of our buildings and increasing the solar capacity of our portfolio. During 2024 we maintained the improvements in the carbon intensity of our standing assets and reduced the average embodied carbon intensity of our development programme to 318 kgCO₂e/sq m (a reduction of 4 per cent versus our new 2023 baseline). We also more than doubled our installed solar capacity to 123MW by installing photovoltaic arrays on existing buildings as well as new Energy Strategy to encourage consistency across the Group and ensure that we can provide the power our customers increasingly need. Recognising that this is a fast-evolving area, we have updated our carbon reduction targets based on the latest guidance, introducing a new long-term science-based target to be net-zero by 2050.

Chief Executive's statement continued

Our Community Investment Plans (CIPs) continue to grow in number and size, and during 2024 we launched schemes in Italy and Spain, taking the number of plans to 14, with community projects in 21 regions, cities and towns across our portfolio. Our employees, customers, suppliers and other stakeholders worked together to deliver almost 1,000 volunteering days in our local communities. The impact of our CIPs on the communities near our assets is significant and they embed our buildings as local centres of economic success, helping to create employment opportunities for local people and improving the environment and local amenities for local residents. This focus on sharing the long-term benefits of our estates with our local communities positions us as a preferred partner for local authorities and is instrumental in creating future opportunities, demonstrated by the successful renewal of the Simplified Planning Zone in Slough.

Our people are vital to our ongoing success and Nurturing talent therefore remains a key area of focus. During 2024 we completed the reshaping of our leadership team and continued to invest in the development of our employees. Within our hiring, at these senior levels and across the broader organisation, we have been deliberate in creating a diverse talent pool and this has helped us make progress against both of our diversity goals, increasing the number of women and ethnic minorities in senior leadership roles by 3 per cent and 1 per cent respectively. We also introduced a range of new family-friendly policies.

Positioning our business for long-term success

The continued growth and strong operational results produced by our business during 2024, despite the macro environment, has shown that our strategy to focus on the most demand-resilient and supply-constrained markets can deliver consistent results throughout the property cycle.

During the peak of the market, which was amplified by the pandemic, occupier and investor demand was exceptionally strong for industrial and logistics, fuelled by a very low interest rate environment which meant that returns were significantly driven by yield compression and elevated levels of development.

The current environment is more 'normal', so we are focused on executing our long-held strategy to extract the best returns from our existing portfolio and opportunities in our control. We believe that the quality of our portfolio, and the strength of our operating platform – with its significant market experience, local knowledge and strong stakeholder relationships – will deliver stronger risk-adjusted returns than the wider market.

This platform, and the people within it, have been vital to our ability to get deals done, create new opportunities and deliver growth for our stakeholders this year and I would like to thank everyone at SEGRO for their hard work and contributions to our performance during 2024. I am proud of what we have achieved, facing challenges head on and constantly innovating to find new ways of getting things done, while keeping one eye on the horizon and ensuring that our business is ready to take advantage of the opportunities that present themselves over the coming years. It is this dedication and focus, that will ensure we continue to deliver on our Purpose of creating the space that enables extraordinary things to happen.

Outlook

We enter 2025 with confidence in SEGRO's prospects for further growth. Our portfolio is of irreplicable quality, having been purposefully curated over the past 15 years. Two-thirds of it is located in Europe's largest cities, with the remaining one-third strategically located near logistics hubs and along key transportation corridors. Our chosen markets have a shortage of modern, sustainable space with low land availability and restrictive planning policies limiting the supply of competing space.

We have strong conviction that demand for our space will continue to be supported by powerful, enduring structural trends: data and digitalisation, urbanisation, supply chain optimisation and sustainability. Sentiment in occupier markets is improving and we saw a pick up in occupier activity during the final months of the year, as evidenced by our strong leasing activity in the last quarter.

This momentum has carried into the early weeks of 2025, and we take confidence from the positive conversations we are having with our customers across all of our markets.

Our portfolio is full of current and future opportunity. We have the potential to:

- secure £173 million of additional rental income from our standing portfolio through capturing the existing rent reversion (£118 million) and leasing vacant space (£55 million);
- deliver £422 million of new rent from development on our exceptional land bank located in the most attractive markets, with a profitable yield on cost of 7 to 8 per cent; and,
- continue delivering compounding annual rental growth on our portfolio in line with our long-standing guidance of 2 to 6 per cent per annum, thus growing rents faster than inflation.

Our track record in creating Europe's largest hub of data centres in Slough, with over 0.5GW of capacity either operational or under construction, has helped us to develop strong relationships with global data centre players, which provide us with unique insights into this exciting, high-growth opportunity.

We have built a landbank with exceptional access to 2.3GW of potential power in Europe's key Availability Zones. As well as building powered shells, we recognise the potential to create significant additional value from the development of fully-fitted data centres in select locations, with projects currently under active consideration.

Our business is therefore well-placed for further attractive, compounding growth in earnings and dividends in the years ahead, with significant additional value upside from our data centre pipeline.

David Sleath
Chief Executive

"We have strong conviction in the enduring nature of the structural trends supporting demand for our space – digitalisation, urbanisation, supply chain optimisation and sustainability – and take confidence from the recent pick up in sentiment."

David Sleath,
Chief Executive Officer



See more on our strategy on:
[page 16](#)



Read more about our risk management:
[page 50](#)



Find out more about Responsible SEGRO:
[page 21](#)

Our business model and strategy

Delivering long-term success

A deep understanding of our customers' needs and the markets in which we operate lies at the heart of how we do business.

Our strategy drives our day-to-day decision making as well as our long-term thinking. The direction provided by it, supported by our strong culture, helps us deliver on our Purpose and create long-term value for all our stakeholders.

Responsible SEGRO lies at the heart of our strategy because it is woven through everything we do, from the asset management of our portfolio to the planning and execution of our development programme to how we treat our people.

What we need to enable extraordinary things to happen

Our Purpose

We create the space that enables extraordinary things to happen. We are both a creator of exceptional buildings and an enabler for our stakeholders, particularly our customers, employees and local communities, to achieve extraordinary things.

Our ambition

To be the best property company includes: driving long-term outperformance from our portfolio; delivering outstanding customer service; providing our employees with rewarding and fulfilling careers; and continually challenging ourselves to innovate and keep one step ahead of the competition in everything that we do. Ultimately, we want to be the partner of choice for all of our stakeholders.

Our culture and Values

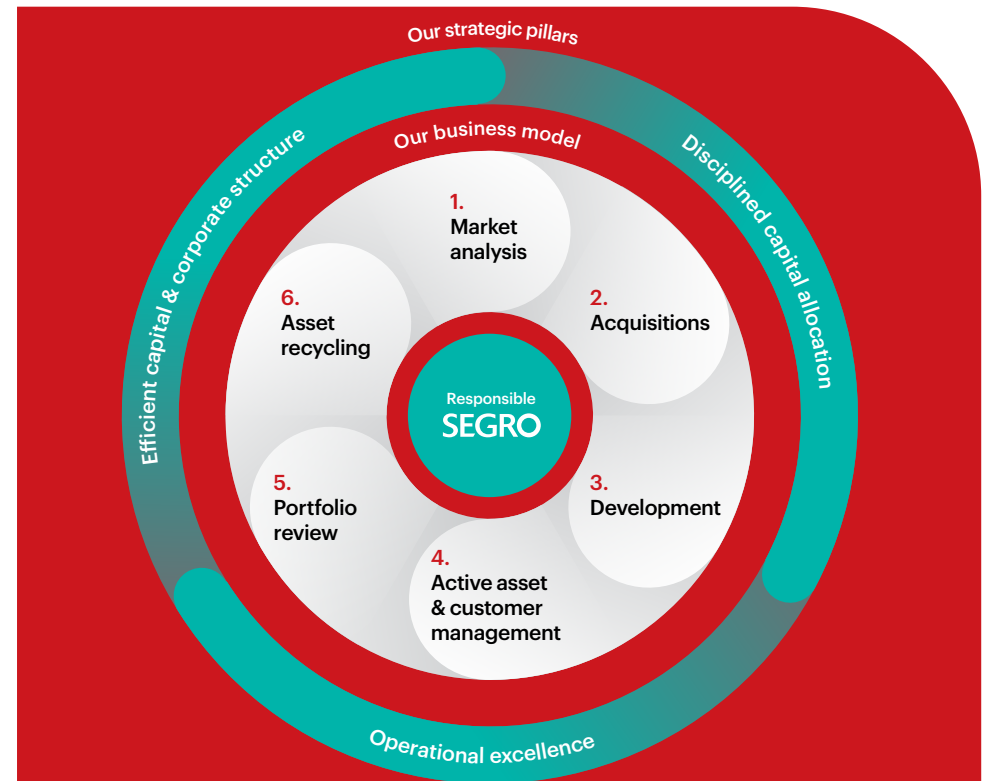
We have a special company culture that permeates throughout SEGRO based upon a care for our stakeholders and each other, and we have a mutual desire to create a successful business that we are proud of.

Our Values and Purpose, co-created with input from the entire workforce, have stood the test of time and underpin everything that we do.

They are our core beliefs that guide our decision making, large and small and inform the ways in which we work together to make things happen:

- Say it like it is
- Stand side by side
- If the door is closed...
- Keep one eye on the horizon
- Does it make the boat go faster?

What we do to enable extraordinary things to happen



Our business model

1. Market analysis

We consider long-term trends and our customers' needs when deciding where and what to invest in.

2. Acquisitions

We buy assets and land in key strategic markets and source opportunities off-market where possible.

3. Development

We build prime, flexible, sustainable warehouses in key locations.

4. Active asset & customer management

We aim to deliver outstanding customer service and actively manage our assets to strike a balance between occupancy and rental growth. We look for opportunities to create further value through refurbishment, redevelopment and repositioning of our assets (including potential alternative uses).

5. Portfolio review

We undertake a detailed analysis of our portfolio every year to ensure we understand the risk-return profile of every asset.

6. Asset recycling

We dispose of assets where we have optimised returns or see better uses of capital.

Find out more about our Values: **page 28**

Read How the Board manages and monitors our Purpose and Culture: **page 81**

Click the link to see our video on what SEGRO Values mean for employees: <https://www.SEGRO.com/responsible-SEGRO/reports-downloads>

Our business model and strategy continued

Our sustainable approach

Responsible SEGRO




Embedded in the way that we manage our business day-to-day are our Responsible SEGRO strategic priorities. They influence the way we manage our portfolio, how we create new space, and the investments that we make into our business to make sure that it is fit for the future.

2024 outcomes

- Good progress against our carbon commitments and the establishment of new near and long-term science-based carbon reduction targets.
- Tangible outcomes from our Community Investment Plans that are changing lives in our local communities: 10,289 young people inspired about the world of work, 1,197 unemployed individuals supported through employability training (349 of whom found work as a result).
- Good progress with our diversity targets and a new personal development process that incorporates the 'How' as well as the 'What' to help embed our Values and Behaviours.

Relevant risks

- 4** Health and safety
- 5** Environmental sustainability and climate change
- 9** People and talent

 Find out more about Responsible SEGRO **page 21**

Our strategy

Disciplined capital allocation



Using our in-depth knowledge of our customers and the trends impacting their businesses, to pick markets and assets that create the right portfolio shape, actively manage its composition and adapt our capital deployment according to our assessment of the property cycle.

2024 outcomes

- Further investment into the most profitable growth opportunities within our existing footprint.
- Our teams leveraged their local knowledge and strong relationships to acquire prime assets in attractive markets with strong rental growth potential.
- Well-executed disposals to release capital to invest into opportunities with higher risk-adjusted returns.

Relevant risks

- 1** Macroeconomic impact on market cycle
- 2** Portfolio strategy and execution
- 3** Major event/business disruption
- 6** Development and construction execution
- 8** Legal, political and regulatory

 Find out more on Disciplined capital allocation in the Performance review **page 37**

Operational excellence




Leveraging our operating platform to optimise performance through dedicated customer service, expert asset management, development and operational efficiency.

2024 outcomes

- Providing excellent customer service.
- Capturing the significant reversionary potential in the portfolio at lease events, yet maintaining high levels of customer retention.
- Successful execution of our development programme.
- Delivering rental growth across our markets.

Relevant risks

- 2** Portfolio strategy and execution
- 3** Major event/business disruption
- 4** Health and safety
- 6** Development and construction execution
- 8** Legal, political and regulatory
- 9** People and talent
- 10** Operational delivery

 Read more on Operational excellence in the Performance review **page 40**

Efficient capital & corporate structure



Underpinning the property level returns from our portfolio with a lean overhead structure, the best technology-enabled processes and an efficient capital structure and appropriate financial leverage.

2024 outcomes

- £1.5 billion of new equity and debt financing to provide firepower for further profitable growth.
- Continuation of our digital transformation programme, including the delivery of key projects to provide our teams with better insights and improve process efficiency.

Relevant risks

- 1** Macroeconomic impact on market cycle
- 2** Portfolio strategy and execution
- 7** Financing strategy
- 8** Legal, political and regulatory
- 9** People and talent
- 10** Operational delivery

 Find out more on Efficient capital and corporate structure in the Finance review **page 44**

Our stakeholders

Engaging for mutual success

We have identified six key stakeholders in our business – employees, customers, communities, suppliers, investors and the environment.

Underpinning these relationships is a culture which promotes high standards of business ethics, is focused on a long-term sustainable strategy and which recognises our responsibilities to the environment.

Employees

We employ 466 people across nine countries with a diverse range of skills.

Employee engagement

86%

Why they are important to us

Our people deliver our strategy in line with our Purpose, Values and Behaviours. The strength of our operating platform, and therefore the success of our business, depends on the talent, engagement and motivation of our people.

What matters to them

- An inclusive and supportive workplace that is free from bias.
- Working for a company whose values match their own.
- Rewarding careers that enable them to thrive and fulfil their potential.
- Competitive compensation and benefits.

How we engage with them

- Weekly business updates.
- Quarterly employee briefings.
- Annual employee survey (Your Say).
- Employee groups on topics such as Culture, Wellbeing and Inclusion.
- Annual reviews of individual performance and development needs.
- Training and development programmes and coaching.

2024 engagement highlights

- 86 per cent 'Your Say' engagement score, participation rate at 95 per cent.
- Completed the reshaping of our leadership team and supported the transition.
- Made progress towards our diversity goals.
- Continued to strengthen our culture, embedding our Values and Behaviours.
- Enhanced our colleague proposition, with new and enhanced family-friendly policies.

Priorities for 2025

- Support our new leadership team as they inspire commitment, create accountability for performance and actively build our culture.
- Focus on supporting the personal and career development of all of our people.
- Make further progress towards our diversity targets and continue to create conversations about inclusion.

Customers

We have 1,369 customers across eight countries and aim to build outstanding customer relationships.

Customer satisfaction

86%

Why they are important to us

A deep understanding of our customers' needs lies at the heart of how we do business. The spaces we create enable our customers to deliver an extraordinary range of goods and services, and are crucial to their own success.

What matters to them

- High quality, sustainable, well-located space that enables them to serve their customers and is safe to work in.
- Excellent customer service and a high-level of consistent experience.
- Support with their business goals and challenges.
- Connection with other businesses and insights into peers and market trends.

How we engage with them

- Regular contact with our property and asset management teams.
- Annual customer satisfaction survey.
- Regular customer forums to discuss emerging trends.
- Partnering on our community projects.

2024 engagement highlights

- Record level of responses (355) to our customer survey, which reported a high level of satisfaction.
- Launch of first three SEGRO customer journey priority projects.
- Delivery of two Customer Futures Forums.
- Introduction of a new customer intelligence platform to improve collaboration.

Priorities for 2025

- Organise further Customer Futures Forums and other industry events to connect our customers and get insights that help shape our business decisions.
- Target the customers and sectors that support SEGRO's growth plans.

Our stakeholders continued

Communities

As a long-term investor we are committed to ensuring that local people and communities benefit from our assets.

Employee volunteering days

700

Why they are important to us

We aim to deliver long-term economic and social benefits in the communities where we operate. Our relationship with them means that we are good neighbours and support each other, this helps ensure the success of our estates.

What matters to them

- Local environment and quality of life.
- Sustainable designs that mitigate noise and traffic congestion.
- Training and employment opportunities.
- Investment into the local economy.
- Enhancement of their local environment.

How we engage with them

- Early consultation on new developments.
- Creating partnerships with local authorities, charities and education providers to deliver our Community Investment Plans (CIPs).
- Long-term participation in community groups and local advisory boards.

2024 engagement highlights

- Launch of two new CIPs in Italy and Spain (taking our total number of CIPs to 14).
- Significant outcomes from our existing CIPs; SEGRO employees, employees from our customers and suppliers delivered almost 1,000 volunteering days.
- Successfully renegotiated the Slough Trading Estate Simplified Planning Zone.

Priorities for 2025

- Continue to increase the number of customers and suppliers supporting our CIP programme.
- Expand volunteering opportunities to include more stakeholder partners such as local authorities and launch a new community investment plan in Hertfordshire, linked to our new logistics park in Radlett.
- Undertake performance review of our CIP programme to improve community outcomes.

Suppliers

We work with 3,069 suppliers across the Group from a diverse range of industries.

Supplier spend in 2024

£922m

Why they are important to us

We look to work with suppliers whose aims complement our own. Close collaboration with them is key to us delivering on our goals, including the reduction of our carbon emissions. They include our construction partners, professional advisers and everyone involved in SEGRO's supply chain.

What matters to them

- Clearly defined expectations and standards (e.g. ethics, modern slavery).
- Positive collaboration with aligned values and objectives.
- Advice on best practices and training support.
- Prompt and efficient payment of invoices.

How we engage with them

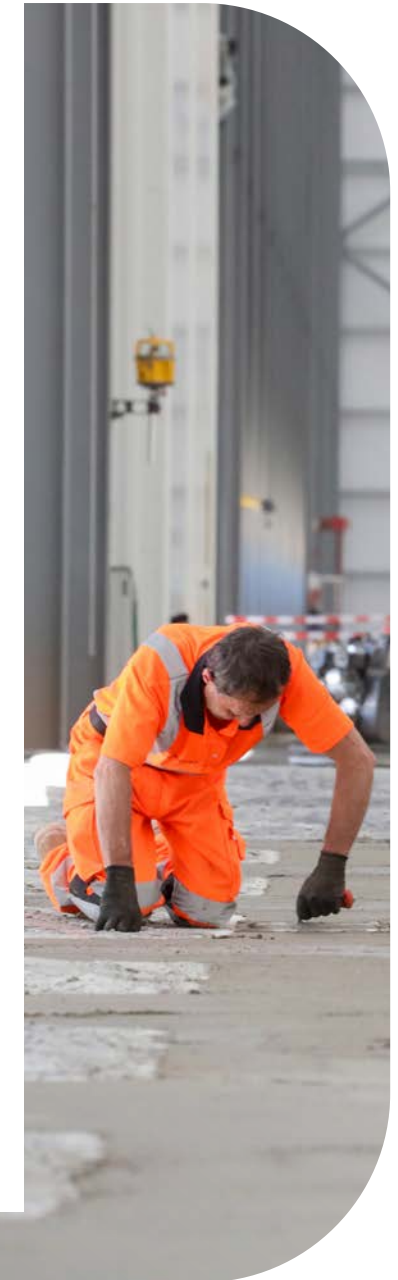
- Comprehensive supplier assurance process to ensure our supply chain is maintained to a high standard.
- Regular service review sessions.
- Support with health and safety.
- Collaboration on our Responsible SEGRO ambitions and CIP projects.

2024 engagement highlights

- Record level of suppliers (59) involved with our volunteering programme.
- Expanded our Contractor Forums in the UK to include a larger number of our supply chain partners to engage them in a wide range of topics (including, sustainability, health and safety and best practices).
- Developed a framework with key supply chain partners to drive future areas of collaboration.

Priorities for 2025

- Targeting an even higher level of participation in our suppliers CIP programme, including inviting new suppliers to participate in our mentoring programme.
- Continued investment into our Contractor Forums and development of our approach to working with key suppliers.
- Further enhancement of our third-party supplier due-diligence systems and processes.



Our stakeholders continued

Investors

Our investors provide the capital through equity or debt which finances SEGRO's business and its future growth.

Total shareholder return

(18)%

Why they are important to us

Shareholders, both institutional and retail, are the owners of our business. They are also the financial institutions who provide debt and our joint venture partners.

What matters to them

- Clearly articulated long-term strategy.
- Financial performance, returns and dividend growth.
- Strong balance sheet.
- Risk management and efficient use of capital.
- Leading ESG performance.

How we engage with them

- Our extensive Investor Relations programme ensures we reflect our investors views in our decision making.
- This includes: meetings, roadshows, conferences and asset tours; regulatory reporting; and our Annual General Meetings.

2024 engagement highlights

- 285 investor meetings, including all of our active top 20 shareholders.
- Investor and Analyst Day focusing on our unique urban portfolio attended by 120 analysts and investors.
- Asset tours for institutional shareholders and analysts.
- Areas of focus included the health of occupier markets and the data centre opportunity within our portfolio.

Priorities for 2025

- Continue to take an open and transparent approach to financial communication.
- Engage proactively with our largest shareholders and potential new investors.
- Develop a retail investor engagement strategy.



Environment

The regions in which we operate and local areas impacted by the development and ongoing operations of our assets.

Reduction in average embodied carbon intensity

4%

Why it is important to us

We pay close attention to the materials and resources we use in our business to protect the planet for future generations and ensure SEGRO's long-term success.

What matters to it

- Reduction of the carbon emissions generated by our operations and particularly our development programme.
- Maximising the efficiency and minimising the resource usage of our assets.
- Protection and enhancement of biodiversity in our local areas.

How we consider the environment

- Ambitious carbon-reduction targets.
- Addition of solar panels where feasible.
- Scenario analysis to understand the potential impact of climate change and mitigate risks.
- Consideration of carbon and biodiversity impacts of our development projects.

2024 engagement highlights

- Establishment of new near-term and net-zero science-based carbon reduction targets.
- 4 per cent decrease in our average embodied carbon intensity
- Significant increase in visibility of our customer energy usage (now at 87 per cent).
- A record 64MW added to our installed solar capacity.

Priorities for 2025

- Continue to drive reductions in our carbon emissions.
- Increase the automation of the retrieval of our customers' energy data.
- Replace gas with low-carbon alternatives where possible.
- Progress our large-scale solar installation.
- Prepare for reporting against the new European Sustainability Reporting Standards.



Responsible SEGRO

We are committed to being a force for societal and environmental good

Responsible SEGRO demonstrates how our environmental and social contributions are embedded within our business.

Our commitment to being a force for societal and environmental good has been at the heart of how our business operates since it was founded. It has been instrumental in SEGRO's success over the past century and will be just as important for the next. This commitment is led by our Board but lived by our employees every day. It is about doing the right thing and making a positive impact wherever we operate.

 Read more in our Responsible SEGRO Report: www.SEGRO.com/responsible-SEGRO/reports-downloads

Responsible SEGRO priorities (and relevant UN SDGs)

Championing low-carbon growth

We are committed to reducing the embodied carbon in our development programme as well as reducing the carbon-intensity of our properties. We want to play our part in tackling climate change and have ambitious net-zero goals. In 2024, we have set new science-based carbon reduction targets (with a baseline of 2023), in line with latest best practice.



Corporate and customer carbon intensity

36.4 kgCO₂e/sq m
2023: 36.1 kgCO₂e/sq m

Average embodied carbon intensity

318 kgCO₂e/sq m
2023: 331 kgCO₂e/sq m

Visibility of customer energy data

87%
2023: 81%

Solar capacity

123MW
2023: 59MW

Investing in our local communities and environments

We have a strong track record of supporting local communities and employment (including training) is one of the areas that our Community Investment Plans (CIPs) focus on. We want to play our part in reducing inequalities and ensuring more people have the right skills to access meaningful work.



Number of Community Investment Plans

14

Charitable giving

£2.3m

Employee volunteering days across projects in our local communities

700

Unemployed people trained (349 of whom who are now in employment)

1,197

Nurturing talent

We want our people to have rewarding and fulfilling careers and are committed to fair pay throughout our operations and also our supply chain, and to ensuring that our spaces provide safe working environments and promote health and wellbeing for all.



'Your Say' engagement score

86%

Training hours

7,059

Voluntary employee turnover

7.2%

Gender split of workforce

50% male **50%** female

Responsible SEGRO continued

How we deliver on our Responsible SEGRO goals

We have long-held commitments to leadership in health and safety, stakeholder engagement, corporate governance and being a good corporate citizen.

Our Responsible SEGRO framework helps us to articulate our sustainability goals and address our stakeholders' most material concerns. Within this we have focused in on three enduring strategic priorities, which were determined through engagement with our stakeholders. These priorities cover the areas where we believe we can make the greatest business, environmental and social contribution.

They are:

Championing low-carbon growth

Investing in our local communities and environments

Nurturing talent

For each of these areas we have established challenging targets that are linked to four non-financial KPIs and to the annual bonus for all employees.

We report a summary of our progress with these during 2024 in the following section and discuss our priorities for 2025 - more detailed information (along with full datasets) can be found in our 2024 Responsible SEGRO Report.

We intend to set additional, more specific, supporting targets as necessary and expect our actions and approach to evolve over time to reflect our achievement, technological change and the priorities of our stakeholders and wider society.

ESG reporting and ratings

We recognise that transparency around our sustainability performance is essential to building trust with our stakeholders.

As the wider Environmental, Social and Governance (ESG) reporting environment is evolving, we continually monitor our approach to ensure that we are aligned to, and engaged with, the most relevant frameworks in order to provide clear, reliable, and meaningful disclosures to meet the needs of our investors, customers, employees, and communities, whilst demonstrating our performance against our Responsible SEGRO framework.

This currently includes reporting against established frameworks including the Global Reporting Initiative (GRI) and Task Force on Climate-related Financial Disclosures project (TCFD), as well as the National Equality Standard, Parker Review and FTSE Women Leaders.

In addition, we expect to report against EU sustainability reporting standards when these become mandatory for us.

We also engage with various organisations who review and assess our ESG performance and disclosures. This includes agencies that monitor our disclosures, such as MSCI, who rate us AAA, as well as organisations that require active participation and additional transparency, such as the Carbon Disclosure Project (CDP), who rate us A. We also participate in indices such as FTSE4Good, who rate us at 3.3 (2.8 sub-sector average). The above are SEGRO's latest ratings at the time of publication.



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3

1 SEGRO Park Limeil-Brévannes

2 SEGRO Employment Programme, East London - ELBA employment workshop

2 SEGRO Schools Programme, Slough - Learning to Work student workplace visit

Responsible SEGRO continued

Our materiality assessment

In 2024, we performed a comprehensive double materiality analysis.

This helped us identify and understand two key aspects: first, how our operations affect society and the environment, and second, how sustainability issues create financial risks and opportunities for our business. This dual approach looked at both our impact on the world and how sustainability factors influence our financial performance, and form the basis of our sustainability reporting.

The process we followed

1. Our context

- Our Business model, and our strategy to apply it, are outlined on page 16.
- Our value chain represents the process through which we execute the strategy and where this may affect our stakeholders.

2. Our stakeholders

- Our key stakeholders, aligned to our value chain, are outlined in pages 18 to 20.
- Primary and secondary research informed our understanding of the impacts on these stakeholders from our business and value chain.

3. Our material impacts, risks and opportunities

- Potential impacts, risks and opportunities were identified based on engagement with our stakeholders.
- Materiality of identified impacts, risks and opportunities, for both the business and our stakeholders was assessed.

4. Our material areas

- Our Executive Committee and Audit Committee monitor and oversee the process to identify material impacts, risks and opportunities.
- Material impacts, risks and opportunities were mapped to areas of sustainability that are material for us to disclose information on our activities.

Our context: value chain



Our stakeholders

SEGRO's key stakeholders are those without whom we simply would not have a business. Relationships with these stakeholders are underpinned by a corporate culture which promotes high standards of business ethics, is focused on a long-term sustainable strategy and which recognises our responsibilities to the environment.

Our materiality assessment was designed to consider both positive and negative, and actual and potential, impacts on all affected stakeholders, and that user stakeholders should have sufficient information to allow them to assess SEGRO appropriately from an ESG perspective. The focus of our business in European developed markets means that we do not consider there to be material differences related to the geography of our stakeholders.



1 SEGRO Park Amsterdam Airport

Responsible SEGRO continued

Our material impacts, risks and opportunities

Management of standing assets	- GHG emissions from customer energy use in our buildings have an actual, negative impact on climate change (gas heating or electricity use from grid)	A I -	- Climate change mitigation
	- Buildings inconsistent with our customers' aspirations on carbon reduction may attract lower rents, longer vacancies and incur higher costs, presenting short-term financial risk to SEGRO	R -	- Energy
	- Capex required to adapt existing buildings to changing climate conditions presents a longer-term financial risk to SEGRO	R -	- Climate change adaptation
	- Higher emissions and additional demand for energy generation and infrastructure from less energy efficient buildings have an actual, negative impact on the environment and our broader stakeholders, as well as presenting short- and medium-term financial risk to SEGRO due to emerging regulatory/legal energy efficiency requirements resulting in additional capex or lower valuations/rents for less energy efficient buildings	A I - R -	
	- Higher rents or additional sources of revenue from generating low cost, on-site clean energy present short-term financial opportunity for SEGRO	O +	
	- Provision of local employment opportunities via our value chain (including our customers and development contractors requiring skilled labour) has an actual, positive impact on our affected communities	A I +	- Economic, social and cultural rights
Development	- Use of virgin materials, and their transport to site, to support our development activity has an actual, negative impact on the environment from materials extraction, in particular through the release of CO ₂ emissions	A I -	- Raw materials
	- Increased vehicle movements and noise during development have an actual, negative impact on our affected communities	A I -	- Economic, social and cultural rights
Business-wide	- Our well-established and employee-driven set of Values, transparent pay, reward and promotion approach, clear policy on flexible working, comprehensive benefits package for all employees, and strong internal communications and feedback processes have an actual, positive impact on our workforce	A I +	- Working conditions
	- Calibration of financial compensation and people policies to ensure gender and ethnic equality, a culture of continuous improvement from on-the-job and externally-provided training and development and a clear code of ethics detailing the rights and responsibilities of all employees have an actual, positive impact on our workforce	A I +	- Equal treatment and opportunities
	- Our transparent and comprehensive governance framework in line with best practice and accessible management means that suppliers, customers, finance providers, investors, employees and others can engage directly with the appropriate people in the Company and be confident that their relationships will be managed in line with the SEGRO Code of Ethics and local and international laws and regulations, having an actual, positive impact on all stakeholders	A I +	- Other work-related rights
			- Corporate culture
			- Protection of whistleblowers
			- Corruption and bribery
			- Supplier relationships
			- Political engagement

A Actual I Impact + Positive
P Potential R Risk - Negative
O Opportunity

Responsible SEGRO continued

Championing low-carbon growth

SEGRO's net-zero journey

Through the 2015 Paris Agreement, world governments committed to restricting global temperature rise to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. In 2018, the Intergovernmental Panel on Climate Change warned that global warming must not exceed 1.5°C to avoid the catastrophic impacts of climate change. As an owner, manager and developer of buildings, we have a significant part to play in tackling this challenge.

Championing low-carbon growth is one of our three Responsible SEGRO strategic priorities. We have had our carbon footprint data externally assured annually since 2014. The carbon reduction targets we set in 2021 were approved under the international Science Based Targets Initiative (SBTi). The SBTi methodology identifies pathways for companies to reduce the emissions within their value chains to align with 1.5°C pathways.

As can be seen in the chart in the bottom right, the two largest contributors to our carbon emissions are energy use in our spaces (our 'corporate and customer' carbon emissions) and the energy connected to the materials that we use in our construction and refurbishment projects (our 'embodied' carbon emissions). Together these accounted for 86 per cent of our emissions in 2024.

Since 2021, we consistently tracked ahead of our targets, achieving significant reductions in both corporate and customer carbon intensity and embodied carbon intensity.

The SBTi launched a new 'Buildings' framework in 2024; as our existing targets were due for renewal, we have used this framework to update our net-zero targets. Our targets have a baseline of 2023, a near-term target of 2034 and a net-zero target year of 2050. The target trajectories are steeper to 2034, then shallower out to 2050.

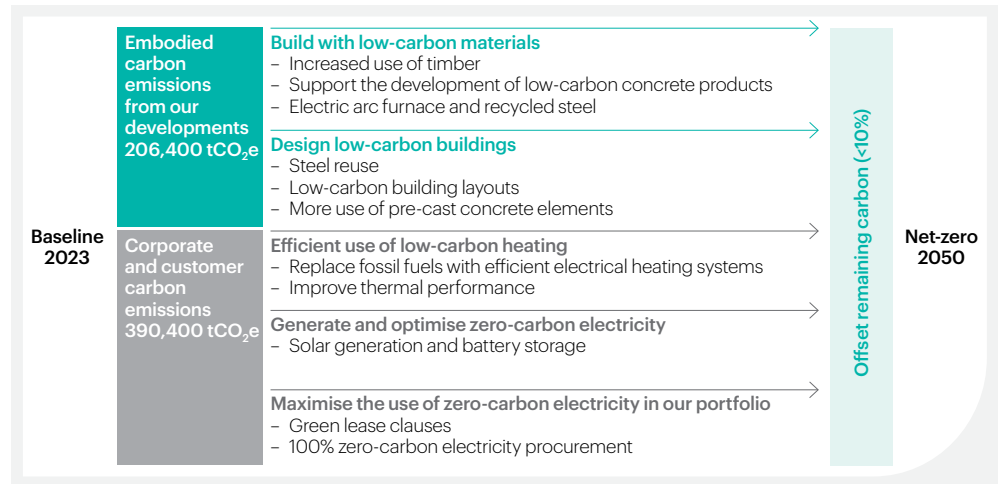
The near-term 2034 targets are a 81 per cent reduction in corporate and customer emissions intensity and a 58 per cent reduction in the embodied emissions intensity of our developments. Once our 2050 target year is reached, the SBTi target methodology allows for offsetting residual emissions with best practice carbon removals, accounting for a maximum of 10 per cent of target emissions.

Creating a new baseline has provided us with the opportunity to bring emission calculation methodologies in line with the latest best practice. This means that the 2023 figures herein are a restatement of our previously reported figures. The detail of these changes can be found in our Responsible SEGRO Report 2024.

We are committed to making a commensurate and ambitious contribution to limiting global warming. However, not all of the actions needed to meet our targets are within our control, and carbon accounting methodologies are still evolving. Setting and publicising carbon reduction targets are crucial elements of carbon governance, and we are committed to being transparent about our journey.

Key elements of our carbon reduction strategy are presented to the right.

SEGRO's pathway to net-zero



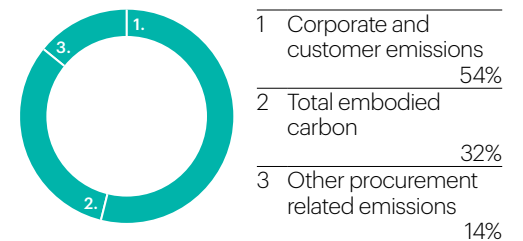
Corporate and customer emissions:

- Purchase certified renewable electricity for SEGRO's own use and for those customers for whom we procure energy on their behalf.
- Where customers do procure their own energy (the majority of cases), encourage them to procure certified renewable electricity and track uptake – using our 'green lease' clauses
- Replace fossil fuel heating systems with efficient electrical heating
- Install solar panels to generate energy for our customers, optimise this usage with batteries and microgrid technology, and, where grid connectivity allows, feed into the local electricity network
- Improve the energy efficiency of our units through construction and refurbishment by targeting an Energy Performance Certificate of B-grade or better

Embodied carbon emissions:

- Work with our partners to procure and utilise low-carbon materials such as timber and electric arc furnace or recycled steel
- Support the development of low-carbon concrete products and utilise them widely as soon as their suitability is proven
- Design embodied carbon out of our buildings, changing layouts and using more pre-cast concrete elements.

SEGRO's full Scope 1 to 3 carbon footprint



Responsible SEGRO continued

Championing low-carbon growth in 2024

Key targets and achievements

Average embodied carbon intensity of our developments

318 kgCO₂e/sq m
2023: 331 kgCO₂e/sq m¹

Corporate and customer emissions intensity

36.4 kgCO₂e/sq m
2023: 36.1 kgCO₂e/sq m¹

Solar capacity

123 MW
2023: 59 MW

Visibility of customer energy data

87%
2023: 81%

1. The 2023 figures are a restatement of previously reported figures and are in line with the methodology of our new Science Based Target.

We are committed to driving carbon out of our business as quickly as we can and also help our customers reduce their own carbon footprints.

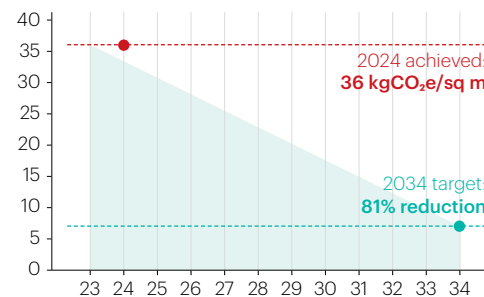
We focus our carbon reduction activity on the areas which are most material. 86 per cent of our emissions come from our customers and our development programme.

A key achievement during 2024 was the establishment of new, science-based, net-zero carbon targets. In doing so we created a new emissions forecasting process, introduced a dynamic Governance process of our carbon management efforts, and transitioned to a powerful new carbon reporting platform to help us to more efficiently manage the thousands of gas and electricity datapoints and to use sophisticated estimation methods to fill any gaps. We also took the opportunity to rigorously review and implement best practice reporting methodologies at the same time.

This activity has resulted in the new net-zero targets outlined on the previous page.

During 2024 we reduced the average embodied carbon intensity of our development programme by 4 per cent versus the newly created baseline. Our Mandatory Sustainability Policy commits us to carry out embodied carbon assessments for practically all our development projects and we work closely with our suppliers to innovate and remove carbon wherever possible.

Corporate and customer emissions intensity (kgCO₂e/sq m of portfolio)

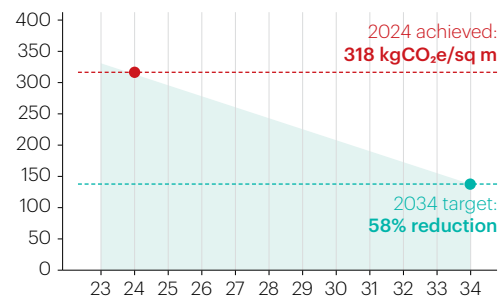


Having made great strides in corporate and customer carbon reduction between 2020 and 2023 under our old targets, we have seen a 1 per cent increase in our corporate and customer carbon intensity during 2024 under our new target methodology. Our success in bringing forward our data centre pipeline is a key part of this story. Adjusting for data centres, the rest of our portfolio achieved a reduction in carbon intensity of approximately 4 per cent.

Our data centre customers are on a journey to net-zero themselves, with commitments to reach 100 per cent renewable electricity by 2030. Our emissions are tracking their publicly stated uptake of renewable electricity tariffs, which is for most not yet at 100 per cent. However, this is consistent with our commitment to an 81 per cent reduction by 2034, and we will continue to work closely with all our customers to do what we can to help them make good progress on that commitment.

Beyond our approach to carbon, we also think carefully about the impact of our operations on other natural resources and the local environment. Biodiversity remains an important focus, and our development projects aim to have a positive impact on our local communities. Although water usage is not material for SEGRO, we are careful in our consumption of it and build in features that help our customers use it more efficiently.

Embodied carbon intensity of developments (kgCO₂e/sq m of lettable area developed)



Finally, the vast majority of our waste is created by our construction and demolition projects. We work carefully with our construction partners to minimise this, for example through ensuring that they maximise reuse opportunities.

Key achievements during 2024:

- 4 per cent reduction in the embodied carbon intensity of our developments.
- 8 per cent increase in the visibility we have of our customer energy data.
- 76 per cent of the portfolio with an EPC rating of B or better (2023: 65 per cent).
- 97 per cent of our development completions were rated BREEAM 'Excellent' or higher.
- A record 64 MW increase in our installed solar capacity.
- Implemented an annual corporate and customer emissions forecasting process.
- Introduced a dynamic Governance process of our carbon management efforts.
- Rolled out a powerful new carbon reporting platform.

Our priorities for 2025:

- Drive further reductions in our corporate and customer emissions.
- Increase the automation of the retrieval of our customers' energy data.
- Replace gas with efficient low-carbon heat sources.
- Work with our supply chain partners to further reduce embodied carbon.
- Progress our large-scale solar installation strategy.
- Prepare for reporting against the new European Sustainability Reporting Standards.

Responsible SEGRO continued

Investing in our local communities and environments in 2024

Key targets and achievements

<p>Charitable giving in 2024</p> <p>£2.3m</p> <p>2023: £2.5m</p>	<p>Employee volunteering days</p> <p>700</p> <p>2023: 707</p>
<p>Number of Community Investment Plans</p> <p>14</p> <p>2023: 12</p>	

Enabling the communities that live close to our assets to thrive is something we are incredibly passionate about. We are committed to building and nurturing long-term relationships with local organisations that can enable us to have a positive impact in the areas where we have a major presence. We focus on two main areas with our projects:

- **Education and employment:** partnering with local education establishments to help prepare young people for the world of work through our education programme, as well as helping people from disadvantaged or marginalised backgrounds into employment or better jobs. Since its launch in 2022, the programme has engaged over 25,000 young people from diverse backgrounds in the UK, Poland, Germany and France.
- **Environment:** delivering environmental projects that improve the biodiversity of the local area and the health and wellbeing of the local community.

Volunteering is a vital part of the success of our Community Investment Plans (CIPs).

Our employees, customers and suppliers have proved once again the incredible impact they can have when they come together with a shared goal of improving the lives of local people. During 2024 a total of 437 employees (94 per cent of the workforce) participated, delivering 700 volunteering days.

1 Employment mentoring programme with East London Business Alliance, UK



1

Alongside our employees we had a tremendous response from customers and suppliers, by providing volunteers to mentor and host school visits to their businesses or construction sites, as well as support projects that helped improve the environment for local communities. A total of 154 customers and suppliers, as well as our financial stakeholders, worked in partnership with us.

Alongside our CIPs, our buildings also play an important role in supporting our local communities. Our estates provide valuable space for charity partners such as City Harvest, Slough Foodbank and the Felix Project to distribute food that would otherwise be wasted to vulnerable people in our local communities.

Key achievements during 2024:

- Community projects are now being delivered in 21 regions, cities and towns across our portfolio.
- Major tender process trialled community commitment clauses (results expected in 2025).
- The launch of new community investment plans in Italy and Spain.
- Employees from our customers and suppliers delivered a record 273 volunteering days.
- Signed up to Social Value Portal to measure development impact and CIP programme.

Our priorities for 2025:

- Further increase the number of customers and suppliers supporting the CIP programme.
- Expand volunteering opportunities to include stakeholder partners such as local authorities.
- Launch a new CIP in St Albans, Hertfordshire.
- Undertake performance review of CIP programme to improve community outcomes.

The impact of our Community Investment Plans during 2024

<p>Young people engaged</p> <p>10,289</p> <p>2023: 7,943</p> <p>25,232 since launch of CIP programme</p>	<p>Environmental community projects</p> <p>49</p> <p>2023: 44</p> <p>119 since launch of CIP programme</p>
<p>Unemployed people trained</p> <p>1,197</p> <p>2023: 1,303</p> <p>3,280 since launch of CIP programme</p>	<p>Unemployed people into employment</p> <p>349</p> <p>2023: 347</p> <p>758 since launch of CIP programme</p>
<p>Students mentored by SEGRO employees and customers</p> <p>140</p> <p>2023: 89</p> <p>264 since launch of CIP programme</p>	

Responsible SEGRO continued

Nurturing talent in 2024

Key targets and achievements

'Your Say' engagement scores

86% (Participation rate: 95%)
2023: 89%

% of women in senior leadership roles

36% (3% increase vs 2023)
2025 target of 40%

% of ethnic minorities in senior leadership roles

6% (1% increase vs 2023)
2027 target of 15%

The 466 people that we employ across nine countries are vital to SEGRO's ongoing success. We are therefore committed to attracting talented people to work with us and creating a workplace where everyone can thrive. Creating the space for extraordinary things to happen is as true for our people as it is for our assets.

We expect our people to follow the highest standards of business conduct in their daily work and this is set out in our Code of Business Conduct and Ethics.

We want them to work in a healthy, safe and secure environment so have a comprehensive health and safety training programme and initiatives to support employee wellbeing. We have appropriate support, training and facilities for employees who are disabled or become disabled whilst in our employment.

To help us retain the best people we offer competitive compensation packages that include variable compensation, share award and a range of attractive benefits. We want our people to thrive in their roles and offer various training and development opportunities as well as secondments.

Particular areas of focus in 2024 included:

- **Building strong leadership.** We completed the significant reshaping of our senior leadership and focused on supporting these leaders as they transitioned into new roles.
- **Continuing on our journey to build a more diverse and inclusive SEGRO.** We are committed to building an inclusive workplace where everyone is treated with fairness and respect, irrespective of gender, ethnicity, age, educational and professional background, religion and beliefs, and sexual orientation. Our focus during 2024 was on building a more diverse workforce that better reflects the communities we are part of. We have increased the number of women in senior leadership roles to 36 per cent (from 33 per cent in 2023) and have ambitions to go further. We have set ourselves a target to have women in 40 per cent of our senior leadership roles by end 2025, and 15 per cent representation of people identifying as being from an ethnic minority group by the end of 2027.

- **Celebrating our strong culture.** Our people tell us they enjoy working at SEGRO. During 2024 we focused on embedding our Values and Behaviours into all of our people processes, including changes to how we think about performance.
- **Enhancing our colleague proposition.** We launched new and enhanced family-friendly policies, which are designed to support our people during key moments of their lives.

UK Gender and Ethnicity Pay and Bonus Gap

Whilst SEGRO continues to report a gender pay gap above that of the National Average, the pay gap is improving. Both mean and median ordinary pay gaps are decreasing each year, as well as the bonus gap compared to last year's analysis. This can be directly attributed to the increased representation of women in more senior roles. Whilst the mean ethnicity pay gap has increased in 2024, the median has reduced to 19.9 per cent (a 2.5 per cent decrease).

The ethnicity bonus gap has also reduced on both a mean and a median basis. As SEGRO continues to progress towards its target of 40 per cent female representation, and 15 per cent representation of those identifying as being from an ethnic minority group, these gaps should continue to narrow.

	2024	2023
Gender pay gap (mean)	39.2% ¹	40.2% ²
Gender bonus gap (mean)	68.4%	77.2% ²
Ethnicity pay gap (mean)	30.5% ³	24.1%
Ethnicity bonus gap (mean)	63.0%	70.0%

1. This is an adjusted figure that excludes a small number of one-off payments. Including these further reduces the mean gender pay gap to 30.3%.
2. 2023 mean gender pay and bonus gap numbers have been restated. Previously reported numbers (gender pay gap at 32.9% and gender bonus gap at 73.6%) incorrectly excluded two male Executive Directors.
3. This is an adjusted figure that excludes a small number of one-off payments. Including these increases the mean ethnicity pay gap to 37.4%.

Our Values

Say it like it is

We always give honest feedback, keep our promises and keep messaging clear and simple.

Stand side by side

We work together and put the interests of our business ahead of our own. We go out of our way to support each other and share knowledge across the business.

If the door is closed...

If one route is closed to us, we always find another way. We challenge ourselves to think differently and search for new ways to succeed.

Keep one eye on the horizon

We constantly look ahead to ensure we are successful in the future. We do this in part by taking an active interest in our customers and their customers.

Does it make the boat go faster?

We keep things simple and continue to look for improvements to how we work.

Key achievements during 2024:

- Completed the reshaping of our leadership team and supported the transition.
- Made progress towards our diversity goals.
- Continued to strengthen our culture, embedding our Values and Behaviours.
- Enhanced our colleague proposition, with new and enhanced family-friendly policies.

Our priorities for 2025:

- Support new leadership teams as they inspire commitment, create accountability for performance and actively build our culture.
- Focus on supporting the personal and career development of all of our people.
- Make further progress towards our diversity targets and continue to create conversations about inclusion.

Our Purpose in action

Creating spaces that enhance our local communities and protect the environment

We cannot be the best property company without a strong social responsibility. Responsible SEGRO is embedded into the day-to-day running of our business and all of our decision making. This helps us to ensure that our business remains fit for the future and delivers long-term benefits for all of our stakeholders.

Transforming supply chains

Driving embodied carbon out of our developments

Reducing embodied carbon emitted by our development programme will be key in achieving our net-zero targets and is particularly important in our logistics parks that involve large infrastructure works, like at SEGRO Logistics Park East Midlands Gateway.

The 700-acre site was former farmland which required levelling and this was completed with zero waste transported offsite. Instead, the earthworks created large bunds that surround the estate and help to shield local communities.

300 acres of the site remains a public Country Park and includes 14km of hedgerow, 17km of pathways and 50,000 trees.

All of the buildings were designed to the highest sustainability standards and embodied carbon calculations helped us to reduce the carbon emitted during their development.

Supporting the growth of high-performing cities

Ensuring the communities around our estates prosper

Our Community Investment Plans have been created to ensure that the communities around our assets thrive, with a focus on projects that create education and employment opportunities as well as help to improve the local environment.

At SEGRO Park Berlin Airport we are working with Ackerhelden machen Schule to educate the next generation with a raised vegetable garden that will provide organic food for children's homes in Berlin and teach them about the ease of preparing nutritious meals. We are also working with SOS Children Villages Berlin and some of the customers on the estate to educate young and disadvantaged adults about the world of work. These businesses open their doors for tours and introductions to the types of jobs and apprenticeships they offer. Finally, in collaboration with Plant-my-Tree we planted 1,000 trees in a forest outside of Berlin.

Real estate to support the digital economy

Reducing our customers' carbon emissions

Our customers' carbon emissions form part of our carbon footprint and we are actively trying to reduce them. This is particularly important for our data centre customers whose operations require a significant amount of electricity.

We design our data centre shells to the highest sustainability standards, providing our customers with energy efficient buildings bespoke to their requirements.

We introduced green lease clauses in 2023 which require our customers to commit to securing renewable energy tariffs. Our major data centre customers are on their own net-zero journey (with the Climate Neutral Data Centre Pact committing them to 100 per cent green electricity by 2030).

Most of the data centres on the Slough Trading Estate use air cooling so are not heavy users of water, making the sourcing of renewable power even more important.



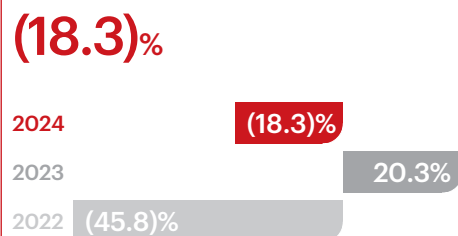
Key performance indicators

We measure our success by tracking Key Performance Indicators (KPIs) that reflect our strategic, operational and financial progress and performance. They drive the internal management of the business, and some are used to determine how management and employees are remunerated.

Financial

All our financial KPIs are based on proportionally consolidated metrics incorporating our share of joint ventures and associates.

Total shareholder return (TSR) %



Description

TSR measures the change in our share price over the year, assuming that dividends paid are reinvested. This reflects our commitment to delivering enhanced returns for our shareholders through executing our strategy over the medium term. TSR is a key metric used in setting the long-term incentive plan remuneration for both the Executive Directors and senior managers.

Our performance

TSR was -18.3 per cent, compared with -12.4 per cent for the FTSE 350 Real Estate index. This reflects a combination of the 28.2 pence dividend (19.1 pence 2023 final dividend and 9.1 pence 2024 interim dividend) paid during the year, and a decrease in the share price from 886.4 pence at 31 December 2023 to 701.2 pence at 31 December 2024. The majority of this underperformance happened in the last quarter.

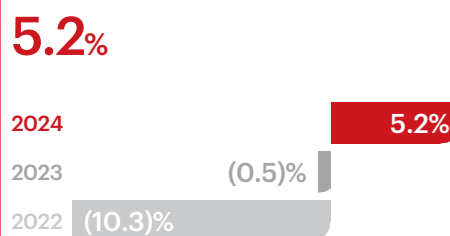
Linked to remuneration: **Yes**

Link to strategy: [All strategic pillars](#)

Link to risks:

- 1 Macroeconomic impact on market cycle
- 2 Portfolio strategy and execution
- 3 Major event/business disruption
- 7 Financing strategy

Total property return (TPR) %



Description

TPR is the ungeared combined income and capital return from our portfolio of standing investments held throughout the year. It is an important measure of the success of our strategy in terms of asset selection and management. MSCI Real Estate prepares the calculation, as well as providing benchmark TPR data for similar properties in their wider universe. We aim to outperform the benchmark over the long term. Details on how TPR impacts short- and long-term incentives are provided on pages 123 to 131.

Our performance

The TPR of the Group's standing assets held throughout 2024 was 5.2 per cent (2023: -0.5 per cent). The UK portfolio generated a TPR of 5.9 per cent, behind the benchmark calculated by MSCI Real Estate UK All Industrial Quarterly of 8.3 per cent. The TPR of our Continental Europe portfolio was 4.0 per cent. Benchmark data for Continental Europe will be received later in the year.

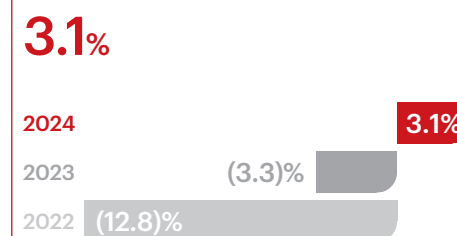
Linked to remuneration: **Yes**

Link to strategy: [Disciplined capital allocation](#)

Link to risks:

- 1 Macroeconomic impact on market cycle
- 2 Portfolio strategy and execution
- 6 Development and construction execution
- 10 Operational delivery

Total accounting return (TAR) %



Description

TAR is the growth in Adjusted NAV per share plus dividends paid, expressed as a percentage of Adjusted NAV per share at 31 December 2023. It measures the return on capital and is a key metric used in setting the long-term incentive plan remuneration for both the Executive Directors and senior managers.

Our performance

The TAR for the Group was 3.1 per cent (2023: -3.3 per cent). This performance reflects a combination of a flat Adjusted NAV at 907 pence and the 28.2 pence dividend (19.1 pence 2023 final dividend and 9.1 pence 2024 interim dividend) paid during the year.

Linked to remuneration: **Yes**

Link to strategy: [Efficient capital & corporate structure Disciplined capital allocation](#)

Link to risks:

- 1 Macroeconomic impact on market cycle
- 2 Portfolio strategy and execution
- 7 Financing strategy
- 8 Legal, political and regulatory
- 10 Operational delivery

1. The TPR has been calculated independently by MSCI Real Estate in order to provide a consistent comparison with an appropriate MSCI benchmark. It is calculated as the change in capital value, less any capital expenditure incurred, plus net income, expressed as a percentage of capital employed over the period concerned for standing investments held throughout the year, excluding land.

Key performance indicators continued

Adjusted earnings per share (EPS) pence

34.5p

2024	34.5p
2023	32.7p
2022	31.0p

Description

Our Adjusted EPS reflects earnings from our operating business: rental income less operating, administrative and financing costs and tax. It is the primary determinant of the level of the annual dividend. IFRS EPS includes the impact of realised and unrealised changes in the valuation of our assets, which can often mask the underlying operating performance. The reconciliation between Basic EPS and Adjusted EPS can be found in Note 12(i) on page 161.

Our performance

Adjusted EPS increased by 5.5 per cent to 34.5 pence during the year, reflecting higher rental income from our standing assets and new income from acquisitions and developments, partially offset by higher financing costs.

Linked to remuneration: **Yes**

Link to strategy:

[Efficient capital & corporate structure](#)
[Operational excellence](#)
[Disciplined capital allocation](#)



Link to risks:

- 1 Macroeconomic impact on market cycle
- 2 Portfolio strategy and execution
- 7 Financing strategy
- 8 Legal, political and regulatory
- 10 Operational delivery

Rent roll growth £m

£56m

2024	56m
2023	65m
2022	77m

Description

The headline annualised rent contracted during the year less income lost from takebacks. There are two elements: to grow income from our standing assets by reducing vacancy and increasing rents from lease renewals and rent reviews; and to generate new rent by developing buildings, either on a pre-let or speculative basis. Rent from acquisitions is not included.

Our performance

In total, we generated £56 million of net new annualised rent during the year (2023: £65 million). The decrease was driven by a lower number of pre-lets signed during the year (£20 million versus £27 million in 2023) as occupier sentiment was impacted by the macroeconomic environment and also due to a higher level of takebacks.

Linked to remuneration: **Yes**

Link to strategy:

[Operational excellence](#)



Link to risks:

- 1 Macroeconomic impact on market cycle
- 2 Portfolio strategy and execution
- 6 Development and construction execution
- 10 Operational delivery

Loan to value (LTV) %

28%

2024	28%
2023	34%
2022	32%

Description

Borrowings as a proportion of our portfolio value, including joint ventures and associates at share. The timing of investment decisions and disposals, as well as the movement in the value of our assets, may cause the LTV to fluctuate. We believe that REITs with lower through-cycle leverage offer a lower risk and less volatile investment proposition for shareholders.

Our performance

Our LTV ratio reduced to 28 per cent during 2024. With the value of our portfolio broadly unchanged during the period, this was mostly due to our £907 million equity placing in February and a lower level of net investment due to a higher number of asset and land disposals. This gives us plenty of liquidity to fund both visible investment and potential opportunities that may arise.

Linked to remuneration: **No**

Link to strategy:

[Efficient capital & corporate structure](#)



Link to risks:

- 1 Macroeconomic impact on market cycle
- 2 Portfolio strategy and execution
- 7 Financing strategy



See more on our strategy on: [page 16](#)



We recognise that the management of risk has a role to play in the achievement of our strategy and KPIs. Risks can hinder or help us meet our desired level of performance:

Read more about our risk management: [page 50](#)



Where relevant we have linked our KPIs directly to SEGRO's incentive schemes.

Find out more in Remuneration: [page 105](#)

Key performance indicators continued

Non-financial

Our non-financial KPIs help to measure the shared value our business creates to ensure that our business is positioned for long-term success.

Our non-financial KPIs link to our Responsible SEGRO strategic priorities.

Given where we are in our journey towards these goals we anticipate that our non-financial KPIs will evolve as we progress towards our stated ambitions.

Customer satisfaction %

86%

2024	86%
2023 ¹	86%
2022	85%

What it is

The percentage of our customers who rate their experience as occupiers of our buildings as 'good' or 'excellent' as opposed to 'poor' or 'average'. Our customers are at the heart of our business and we strive to ensure that we are providing the best level of service possible to maximise customer retention.

Our performance

Satisfaction as an occupier of our buildings was rated as 'good' or 'excellent' by 86 per cent of the 355 customers who participated in 2024 (2023: 86 per cent). The continued high satisfaction rate reflects our focus on communication, being responsive and understanding the needs of our customers and is particularly pleasing given the cost pressures that some of them are under (including rental increases).

Linked to remuneration: **Yes**

Link to strategy: **Operational excellence** 

Link to risks:

10 Operational delivery

Employee engagement %

86%

2024	86%
2023 ¹	89%
2022	91%

What it is

We carry out an employee survey annually asking all our people to comment on various aspects of their work at SEGRO. We share the results of this with the Board, Leadership team and all our people.

Our performance

Our 2024 employee engagement score was 86 per cent. 95 per cent of our people responded and 87 per cent of employees said that they are proud to work at SEGRO. 89 per cent of employees believe that all people are valued at SEGRO, regardless of gender, ethnicity, disability, sexual orientation or background.

Linked to remuneration: **Yes**

Link to strategy: **Responsible SEGRO** 

Link to risks:

4 Health and safety

9 People and talent

Employee volunteering days

700

2024	700
2023 ¹	707
2022	387

Description

We have a strong track record of supporting local communities. We now have 14 Community Investment Plans across the Group and measure the number of employees who volunteered in projects (including on our annual Day of Giving) associated with them.

Our performance

During 2024 we delivered 700 employee volunteering days. 437 employees (94 per cent of the workforce) did at least one day of volunteering. Alongside this 154 customers, suppliers and financial stakeholders delivered a further 273 days.

Linked to remuneration: **Yes**

Link to strategy: **Responsible SEGRO** 

Link to risks:

9 People and talent

1. The 2023 figures are a restatement of previously reported figures and are in line with the methodology of our new Science Based Target.

Key performance indicators continued

Corporate and customer emissions intensity
kgCO₂e/sq m

36.4

2024	36.4
2023 ¹	36.1

Description

Our corporate and customer carbon emissions cover our own operations under Scope 1 and 2 and our customer emissions under Scope 3. We have visibility of 87 per cent of the energy use from our buildings by floorspace. For buildings where we do not receive data we have estimated energy use. We established new science-based targets during 2024 in line with the new 'Buildings' framework. We now have a near-term target to reduce the intensity of our corporate and customer emissions by 81 per cent by 2034 (versus the new 2023 baseline) and to be net-zero by 2050.

Our performance

Our corporate and customer carbon intensity increased slightly to 36.4 kgCO₂e/sq m during 2024, versus the new restated 2023 baseline of 36.1 kgCO₂e/sq m. Whilst we reduced emissions in a large part of the portfolio, we saw a significant increase in emissions from our data centre customers. Data centre operators are on their own net-zero journey with commitments to reach 100 per cent renewable energy by 2030, we will continue to work closely with them to ensure they deliver on that commitment.

Linked to remuneration: **No**

Link to strategy:

Operational excellence
Responsible SEGRO



Link to risks:

- 5** Environmental sustainability and climate change
- 10** Operational delivery

Visibility of customer energy use %

87%

2024	87%
2023 ¹	81%
2022	68%

Description

Under standard market lease terms we do not have automatic visibility of customer energy usage data. We recognise the importance of having good visibility of this data so we can accurately assess our Scope 3 emissions and help our customers to reduce their own carbon footprint as well as improving their energy efficiency. We are therefore proactively engaging with our customers, requesting access to this data and have introduced green clauses requiring energy use visibility (as well as a commitment to secure renewable energy tariffs where possible) to all new leases.

Our performance

The visibility of our customers' energy use improved to 87 per cent (2023: 81 per cent) of our total property footprint by area.

Linked to remuneration: **Yes**

Link to strategy:

Operational excellence
Responsible SEGRO



Link to risks:

- 5** Environmental sustainability and climate change
- 10** Operational delivery

Embodied carbon intensity kgCO₂e/sq m

318

2024	318
2023 ¹	331

What it is

The largest source of carbon emissions within our control is the embodied carbon in our newly developed buildings. We established new science-based targets during 2024 in line with the new 'Buildings' framework. We now have a near-term target to reduce embodied carbon intensity by 58 per cent by 2034 (versus the new 2023 baseline) and to be net-zero by 2050.

We calculate this metric based on completed developments over the past two years for which a life cycle assessment has been completed.

Our performance

The average embodied carbon intensity in our development programme was 318 kgCO₂e/sq m reflecting a 4 per cent improvement from our new 2023 baseline. We reduced this by trialling low carbon or recycled materials, including concrete, steel and timber across multiple projects.

Linked to remuneration: **Yes**

Link to strategy:

Operational excellence
Responsible SEGRO



Link to risks:

- 5** Environmental sustainability and climate change
- 6** Development and construction execution



See more on our strategy on: **page 16**



We recognise that the management of risk has a role to play in the achievement of our strategy and KPIs. Risks can hinder or help us meet our desired level of performance:

Read more about our risk management: **page 50**



Where relevant we have linked our KPIs directly to SEGRO's incentive schemes.

Find out more in Remuneration: **page 105**



Find out more about Responsible SEGRO: **page 21**

Our Purpose in action

Creating spaces that enable extraordinary things

Our portfolio is home to a wide range of businesses and we take pride in the extraordinary things that our customers do in the spaces we create.

Transforming supply chains

Adding resilience, flexibility and control to UK supply chains

Maersk is one of our largest customers at SEGRO Logistics Park East Midlands Gateway. We completed a 64,000 sq m warehouse for them in 2023 and during 2024 delivered a 14-acre container depot.

These spaces, along with the strategic rail freight interchange, form a 'Centre of Excellence' which has allowed Maersk to integrate UK supply chains, connecting logistics for both import and export from one source.

Easy access to major ports, a central location in the UK's 'golden triangle' and the freeport zone helps to ensure goods can move into the UK at speed, with the opportunity to make secondary decisions on future moves as market situations dictate.

This provides Maersk's customers with flexibility and control and helps them maximise revenues and reduce costs.



Supporting the growth of high-performing cities

Delivering goods and services to Germany's largest city

Our urban warehouse estates are home to an incredibly diverse array of businesses who use our flexible and sustainable space to service growing local populations.

SEGRO Park Berlin Airport is home to 77 customers from 23 different sectors, serving the city's 4 million residents as well as supporting Brandenburg airport.

Our customers include: an event and advertising company FONTLINE Werbung & Beschriftung who needed space for their large printing machines but also easy access to the city where their customers' events take place; Japanese food manufacturer JFC, who provide fresh food and groceries to restaurants and shops, and; sustainability conscious Swaprad, who provide Berlin residents with e-bikes on a monthly subscription.



Real estate to support the digital economy

Supporting London's cloud transition

SEGRO is a trusted development partner for some of the world's largest data centre co-locators, including VIRTUS Data Centres, the UK's leading data centre company.

VIRTUS commenced operations at their first data centre on the Slough Trading Estate in 2014 where it has now its largest UK campus, including six separate state-of-the-art facilities, totalling almost 100MW of IT load.

We completed the most recent building during 2024, delivering a bespoke multi-storey shell totalling 18,700 sq m of floor space that is capable of delivering 21MW of IT load. The building meets the highest standards of performance and efficiency and has been certified BREEAM 'Excellent'. It is the fifth building that our specialist team has completed for VIRTUS on a pre-let basis in the past seven years.



Performance review

Growth in rent roll and portfolio value

Supply and demand in our occupier markets remains in balance, and we are making significant progress in capturing the embedded reversion within our portfolio. We are witnessing a return of liquidity to investment markets and continue to identify attractive opportunities to deploy capital, both through asset acquisitions and our profitable development pipeline, leveraging our exceptional land bank.

Assets under management

£20.3bn

2023: £20.7bn

Portfolio valuation

£17.8bn

2023: £17.8bn

Portfolio valuation change¹

+1.1%

2023: -4.0%

ERV growth

+3.2%

2023: 6.0%

Rent contracted

£91m

2023: £88m

Pre-lets signed

£20m

2023: £27m

¹ Percentage valuation movement during the period based on the difference between opening and closing valuations for all properties including buildings under construction and land, adjusting for capital expenditure, acquisitions and disposals. The valuation movement cannot be directly derived from the Financial Statements and is calculated to be comparable with published MSCI Real Estate indices against which SEGRO is measured. Table 3 on page 185 provides a reconciliation to the Financial Statements.

Portfolio update

Portfolio valuations stable, continued market rental growth


Warehouse property values stabilised during 2024, as inflation fell back towards central bank targets and the first interest rate cuts helped liquidity return to investment markets. Transaction volumes have, however, remained low and there has been a small amount of further yield expansion in some Continental European markets (mostly in the first six months of the year) but this has been mostly offset by rental growth. As a result, we have seen positive asset revaluations in some of our markets for the first time since 2022, and only small declines in others (most of which happened in the first half of the year).

The Group's property portfolio was valued at £17.8 billion at 31 December 2024 (£20.3 billion of assets under management). The portfolio valuation, including completed assets, land and buildings under construction, increased by 1.1 per cent (after adjusting for capital expenditure and asset recycling) during the year, compared to a decline of 4.0 per cent in 2023 (H1 2024: 0 per cent, H2 2024: +1.0 per cent).

The increase in the valuation of our portfolio primarily comprises a 0.9 per cent increase in assets held throughout the year (2023: 4.5 per cent decline), reflecting a 3.2 per cent increase in our valuer's estimate of the market rental value (ERV) of our portfolio (2023: 6.0 per cent increase) as well as development profits and the benefit of our asset management initiatives, partly offset by a modest amount of yield expansion, mostly in our Continental European markets.

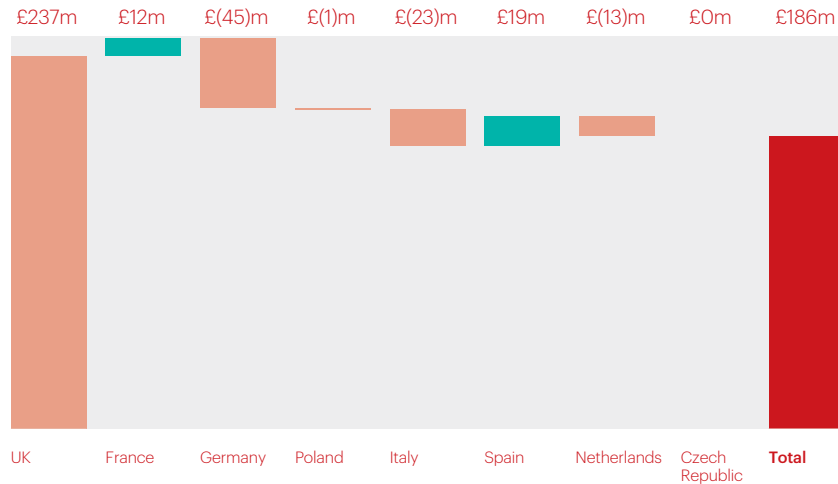
Assets held throughout the year in the UK increased in value by 1.8 per cent (2023: 3.3 per cent decrease), underperforming the MSCI Real Estate All Industrial Quarterly Index which increased by 3.6 per cent over the same period. The underperformance was due to our weighting towards high-quality, lower yielding prime assets which, through the cycle, we would expect to outperform due to their higher rental growth prospects. The net true equivalent yield applied to our UK portfolio was 5.3 per cent, 10 basis points higher than at 31 December 2023 (5.2 per cent). Rental values improved by 3.7 per cent (2023: 4.9 per cent).

Assets held throughout the year in Continental Europe decreased in value by 0.8 per cent (2023 6.4 per cent decrease) on a constant currency basis, reflecting a combination of 20 basis points of yield expansion to 5.6 per cent (31 December 2023: 5.4 per cent) and rental value growth of 2.3 per cent (2023: 7.9 per cent).

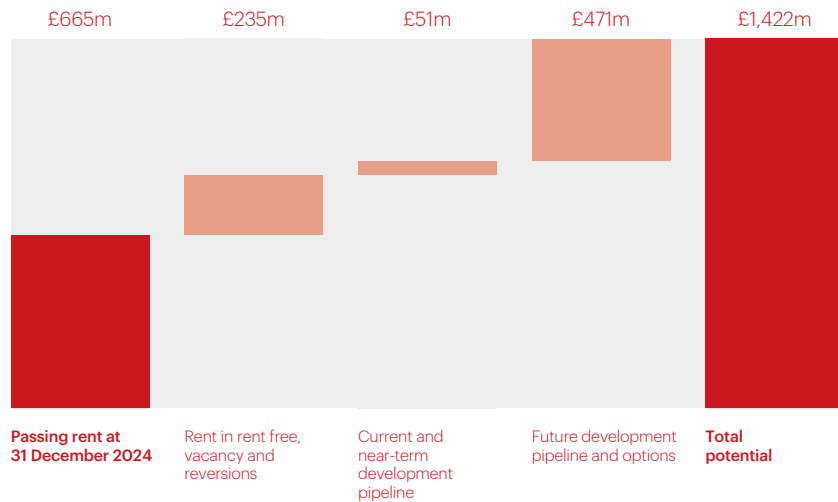
 Further details of property portfolio can be found in Note 25 to the Financial Statements and in the 2024 Full Year Property Analysis Report, at: www.SEGRO.com/investors

Performance review continued

Unrealised gains and losses on whole portfolio as at 31 December 2024 (£m)



Annualised rent potential as at 31 December 2024 (£m)



Strong rent roll growth, with a large contribution from the capture of reversion on the standing portfolio as well as development

Occupier market demand and supply remained in balance, although macroeconomic uncertainty resulted in more subdued demand, particularly for pre-let development schemes. However, the availability of modern and sustainable space remains limited across our chosen markets. This helped us to grow the rental income on our portfolio, by increasing the rents on our existing space and through our development programme, both of which contributed to income and earnings growth.

During 2024, we contracted £91 million of new headline rent, ahead of the £88 million contracted in 2023. We added £38 million of net new rent from our existing portfolio (2023: £30 million). This comprised £32 million on new lettings (2023: £16 million) and £38 million from the capture of reversion (the difference between in-place and market rents) on rent reviews and renewals, and from inflation-related uplifts in index-linked leases (2023: £35 million), offset by rent lost from space returned which was higher during 2024 at £32 million (2023: £21 million), mainly due to the takeback of three units in SEGRO Park Enfield, and the insolvency of a large customer in Park Royal. These takebacks create opportunities to drive value from our prime-located estates: an opportunity to capture reversion earlier than expected (SEGRO Park Enfield) by leasing the space at a higher rate; and an opportunity to create income growth from redeveloping or refurbishing a well-located unit in Park Royal, West London.

We signed £20 million of headline rent from pre-let agreements and lettings of speculative developments prior to completion, compared to £27 million in 2023. The pre-lets signed during 2024 included two big box warehouses in the UK (our first pre-let at SEGRO Park Northampton Gateway and another unit at SmartParc SEGRO Derby) and smaller units in Italy and Germany for retailers, manufacturers and third-party logistics operators.

As a result of this activity, rent roll growth which reflects net new headline rent from existing space (adjusted for takebacks of space for development), take-up of developments and pre-lets agreed during the period, was £56 million (2023: £65 million).

At 31 December 2024, our portfolio generated passing rent of £665 million, rising to £727 million once rent free periods expire ('headline rent') over the next 12 months.

What to expect from our portfolio in 2025

Forecasting yields over any future period is notoriously difficult given the multitude of economic and financial drivers (particularly interest rates and credit spreads), most of which are outside our direct control.

We do not need yield shift to deliver continued growth in the portfolio. The fundamentals for our sector remain strong, with occupier demand supported by structural drivers and limited supply, which leaves us optimistic about the prospects for further rental value growth. Investors clearly agree as industrial and logistics investment markets have recovered more quickly than wider real estate assets, although investors are being selective about where and in what they invest. We expect that our active approach to asset management will lead to our high-quality, modern and sustainable portfolio to outperform the wider industrial and logistics market on a long-run basis.

In terms of rent roll, we expect this to increase through leasing space currently vacant or under refurbishment, the further capture of reversion on the existing portfolio and by signing further pre-lets in response to strengthening occupier demand.

We have the potential to more than double our rent roll over the coming years through our active asset management of the existing portfolio and the build out of our high-quality land bank.

Performance review continued

Investment update

Investment for growth

£925m

Acquisitions of assets

£431m

2023: £0m

Acquisitions of land

£23m

2023: £404m

Disposals of assets and land

£896m

2023: £356m

Development capex

£471m

2023: £527m

What we said we would do

We said that we would continue to take a disciplined approach to capital allocation, focusing the majority of our investment on our development pipeline and making strategic asset acquisitions if and when the opportunity arose.

What we achieved in 2024

We invested £925 million into our portfolio during the year. We have continued to prioritise capital deployment into the most profitable development opportunities, mostly on land that we already own. We invested £471 million into development capex to build out our land bank, and we also acquired £23 million of land. With liquidity returning to investment markets we also leveraged our strong local network and relationships to make £431 million of asset acquisitions in core markets, and continued our asset recycling programme, as well as finding special purchasers for some assets and land that helped crystallise attractive profits. These disposals totalled £896 million.

What to expect in 2025

We will continue to take the same disciplined approach during 2025, preferring mostly pre-let led development on our attractive land bank but continuing to consider unique asset or land acquisition opportunities that may arise. We expect to dispose of around 2 per cent of the portfolio, within the range of our normal levels of capital recycling but adapting the overall volume of disposals to market conditions.

Link to strategy:

[Disciplined capital allocation](#)



Taking a disciplined approach to capital allocation is key to delivering long-term outperformance. We use our in-depth knowledge of our markets and our customer base to inform portfolio positioning, and we adapt our approach to capital deployment depending on our assessment of the property cycle and other external factors. We anticipate that, in a stable yield environment, our portfolio is capable of delivering a 9 per cent or higher unlevered total return, based on its income (equivalent yield of 5.4 per cent) and rental growth (2 to 6 per cent), plus uplift from development (yield on cost 7 to 8 per cent).

Deploying capital into the most profitable development opportunities and taking advantage of more liquid investment markets to acquire prime assets

During the year we invested £494 million into our development pipeline, which comprised £471 million (2023: £527 million) in development spend (including £138 million for infrastructure) and £23 million on new land acquisitions, mostly of smaller plots of land that unlock redevelopment opportunities on existing sites.

We took advantage of some attractively priced opportunities in the investment markets, identified by our local teams, to acquire a number of standing assets during 2024, which we believe offer attractive risk-adjusted total returns through a mix of the in-place income and future rental growth. These included:

- a super-prime, highly-reversionary estate in the supply-constrained north London market which neighbours SEGRO Park Enfield;
- a high-quality urban warehouse scheme in the UK Midlands, a market with a fast-growing economy and limited supply, and;
- four modern, sustainable logistics assets in attractive markets in the Netherlands, with strong rental growth potential and where available land supply is very limited.

The consideration for the asset acquisitions was £431 million, reflecting a blended topped-up initial yield of 4.4 per cent and reversionary yield of 5.9 per cent. We expect these assets to deliver a blended average unlevered Internal Rate of Return (IRR) of around 9 per cent over the next 10 years assuming a stable yield environment.

Well-executed disposal programme crystallising attractive profits

Our disposal programme is always based upon a rigorous annual review, asset by asset, of expected performance. Through this we seek to identify assets which are likely to offer weaker risk-adjusted returns compared to the wider portfolio. On top of this, our teams stay close to the investment market to identify motivated or special buyers who are likely to offer higher pricing than our own assessment of value, thus creating opportunities for profitable disposals.

As investment market liquidity improved in 2024, we were able to take advantage by disposing of £896 million of assets and land to realise profits and release capital to reinvest in our business. These included:

- an older West London estate that we had been positioning for redevelopment, to a purchaser who intends to convert the site into a mixed use scheme in the longer-term and who paid a premium to industrial land value;
- a portfolio of recently-developed, big box logistics assets in Italy with limited medium-term rental growth potential due to capped lease rental uplifts;
- big box assets in the UK, France and Germany in slightly weaker locations and where we have lower conviction over future returns potential; and
- generating a significant profit through the sale of a plot of land in Europe to a hyperscaler, and selling two powered shell data centres adjacent to the Slough Trading Estate to the occupier.

The consideration for the asset disposals was £786 million, reflecting a blended topped-up initial of 4.6 per cent, equating to £38 million of annualised rental income (at share). We crystallised over a 10 per cent IRR on the disposals of assets developed by SEGRO in recent years.

The land disposals totalled £110 million and combined with the asset disposals they generated a 9 per cent gain on book values versus 31 December 2023.

Performance review continued

Development update

Development completions (area)

374,700 sq m

2023: 625,700sq m

Development completions (rent)

£37m

2023: £50m

Development completions (YoC)

6.9%

2023: 7.0%

Potential rent from current pipeline

£46m

2023: £51m

Potential rent from future pipeline

£376m

2023: £392m

Embodied carbon intensity¹

318 kgCO₂e/sq m

2023: 331 kgCO₂e/sq m

What we said we would do

We expected to continue to develop out our land bank during 2024 and anticipated investing approximately £600 million in development capex, including £150 million of infrastructure expenditure.

What we achieved in 2024

We completed 374,700 sq m of space, capable of delivering £37 million of new headline rent, delivering a yield on cost of 6.9 per cent when fully let.

What to expect in 2025

We expect to invest approximately £500 million in development capex during 2025, including £150 million of infrastructure related to our big box logistics parks. The yield on cost for our development programme is expected to be between 7 and 8 per cent.

Link to strategy:

Disciplined capital allocation, Operational excellence and Responsible SEGRO



Disciplined capital allocation and Operational excellence are both key to the success of our development programme. They ensure that we deploy capital into the most profitable opportunities and into markets with the greatest long-term return potential, execute on our pipeline efficiently and safely, and build to the highest construction and sustainability standards.

Development completions delivered **£37 million of headline rent**

Development completions added 374,700 sq m of new space to the portfolio during 2024, generating £31 million of headline rent, with a potential further £6 million when the remainder of the space is let. The yield on total development cost (including land, construction and finance costs) is expected to be 6.9 per cent when fully let.

We completed 294,700 sq m of big box warehouse space, including our first units at SEGRO Park Coventry, a further unit at SmartParc SEGRO Derby and big box units for third-party logistics operators and manufacturers in Italy, Spain and Poland.

We completed 80,000 sq m of urban warehouses, including a data centre on the Slough Trading Estate and schemes in Amsterdam, Frankfurt, Paris and Warsaw. The majority of these were developed speculatively and almost half of the rent has already been secured.

Reducing embodied carbon in our development programme is critical to helping us improve our carbon footprint. During 2024 we created new science-based targets, aligned with the new 'Buildings' framework, and our new embodied carbon pathway has both a near-term target to reduce embodied carbon by 58 per cent by 2034 versus the 2023 baseline, and a target to be net-zero by 2050. We reduced the embodied carbon intensity of our developments by 4 per cent to 318 kgCO₂e/sq m during the year (2023: 331 kgCO₂e/sq m).

All of our eligible development completions during 2024 have been, or are expected to be, accredited at least BREEAM 'Very Good' (or local equivalent), with 97 per cent 'Excellent' or 'Outstanding'.

£51 million of headline rent currently under development or due to start shortly

At 31 December 2024, we had development projects approved, contracted or under construction totalling 400,500 sq m, representing £145 million of future capital expenditure to complete, £46 million of annualised gross rental income and a 8 per cent yield on total development cost when fully occupied. 50 per cent of this rent has already been secured (2023: 62 per cent) due to a lower level of pre-let schemes and our speculative, mostly, urban pipeline. This includes schemes in Germany and France where we are responding to strong local demand which we have experienced on existing assets.

In the UK, we have 137,100 sq m of space approved or under construction. Within this are two schemes on the Slough Trading Estate, a multi-let industrial unit and a multi-storey powered shell data centre, as well as our first big box warehouse at SEGRO Logistics Park Northampton.

In Continental Europe, we have 263,400 sq m of space approved or under construction. This includes urban warehouses in the supply-constrained markets of Paris, Frankfurt, Berlin, Düsseldorf and Cologne. We also have big box warehouses under construction in Germany, Italy and Spain.

We have factored current construction and financing costs into the returns for our future development projects. Build costs have been stable across most of our markets during 2024 and in some regions have started to see construction tenders coming in at reduced prices. We expect to be able to develop at a margin over the valuation yields on equivalent standing assets of at least 150 to 200 basis points, meaning that development remains a profitable way of growing the rent roll.

1. The 2023 figures are a restatement of previously reported figures and are in line with the methodology of our new Science Based Target.

Performance review continued

Within the future development pipeline are a number of pre-let projects close to being approved, awaiting either final conditions to be met or planning approval to be granted. We expect to commence these 'near-term' projects within the next six to 12 months. These projects total 39,300 sq m of space, equating to approximately £45 million of future capital expenditure and £5 million of potential annual rent.

£476 million of future potential rent from land bank and options

Our land bank identified for future development (including the near-term projects detailed above) totalled 1,027 hectares as at 31 December 2024, valued at £1.6 billion, roughly 9 per cent of our total portfolio value. This includes £619 million of land acquired for future redevelopment but which is currently income producing, reducing the holding costs until development can start (equating to £10 million of annualised rent).

We estimate our land bank can support 3.2 million sq m of development over the next five to seven years. The estimated capital expenditure associated with the future pipeline is approximately £3.4 billion, capable of generating £376 million of gross rental income, representing a yield on total development cost (including land and notional finance costs) of between 7 and 8 per cent.

Within this land bank are sites that SEGRO has identified as suitable for data centre development and there is further potential from the redevelopment of existing assets which is not included in these pipeline numbers. The data centre opportunity within our portfolio equates to more than 2.3GW of potential additional capacity across the UK and Continental Europe.

Land acquisitions (contracted but subject to further conditions) and land held under option agreements are not included in the figures above, and these represent significant further development opportunities. These include sites for big box warehouses in the UK as well as in Italy and Poland. They also include urban warehouse sites in East and West London and in Paris. Those we expect to exercise over the next two to three years are for land capable of supporting almost 1 million sq m of space and generating over £100 million of headline rent, for a blended yield of 7 to 8 per cent. The options are held on the balance sheet at a value of £17 million (including joint ventures and associates at share).

All of the figures relating to our land bank and options, other than the current value, are indicative, based on our current expectations, and are dependent on our ability to secure pre-let agreements, planning permissions, construction contracts and on our outlook for occupier conditions in local markets.



Further details of our completed projects and development pipeline are available in the 2024 Full Year Property Analysis Report, at:
www.SEGRO.com/investors

A zero-tolerance approach to poor health & safety

Accident incident rate:

0.46

2023: 0.93

Health and safety is central to all of our business activities and it is our responsibility to ensure that we provide and promote a healthy, safe and secure environment in which our people can work, extending throughout our supply chain, and in particular to our development projects.

We aim to achieve our high standards through a combination of risk mitigation, training and promoting a widespread awareness of health and safety. We only want to work with businesses that share our approach of zero-tolerance of poor health and safety. We require all of our suppliers to confirm that they meet our Health and Safety Standards, and we undertake particularly rigorous assessments of those companies working on our development sites. We support our contractors by providing additional guidance, signage and undertake health and safety visits of all our development sites through the life of each project. We also facilitate the sharing of best practice across the industry through our Contractor Forums.

This approach also extends to the ongoing day-to-day life of our estates, many of which are accessed by both our customers and the public. We factor this into the design, mitigate risks and provide training to raise awareness. Whenever incidents occur we fully investigate to understand the causes and disseminate learnings across the Group, including the Board and Executive Committee, to ensure that we (and where appropriate third-parties) respond and improve our processes where necessary.

The accident incident rate decreased during 2024, following the implementation of our new and enhanced safety management system.

All SEGRO employees, including contractors, are included in our health and safety metrics, which are reported monthly, quarterly and annually to all leadership groups, including the Board.

1 SEGRO Logistics Park Poznań



Performance review continued

Asset management update

Rent contracted during the year

£91m
2023: £88m

Uplift on rent reviews & renewals

34%
2023: 31%

Customer satisfaction

86%
2023: 86%

Corporate and customer emission intensity¹

36.4 kgCO₂e/sq m
2023*: 36.1 kgCO₂e/sq m

Visibility of customer emissions

87%
2023: 81%

On-site renewable energy capacity

123MW
2023: 59MW

What we said we would do

We expected occupier demand to remain strong, but at more normalised levels to the pandemic years. We anticipated that rental growth would continue, supported by this demand and the continued shortage of supply in our chosen markets.

What we achieved in 2024

Our focus on Operational excellence and commitment to excellent customer service helped us to deliver another strong year of rent roll growth during 2024. We made great progress capturing reversion and kept occupancy high, despite taking back some space in London for refurbishment and redevelopment to very high sustainability standards.

What to expect in 2025

We have a unique portfolio, focused on Europe's strongest industrial and logistics markets. Our active asset management approach ensures that it will continually evolve to provide high-quality, modern space appealing to the widest variety of customers, thereby increasing rental levels. In 2025, we will continue to focus on providing excellent customer service and to capture the reversion inherent in our leases which reflects the quality of our buildings. We will continue to take advantage of leases coming to an end on some of our older buildings to refurbish them, bringing them up to the high environmental standards our customers and other stakeholders expect.

Link to strategy: [Operational excellence and Responsible SEGRO](#)



The performance of our existing portfolio relies on our continued focus on Operational excellence; whether that means providing the best customer experience throughout the customer's 'journey' with SEGRO, optimising rental income and lease terms, ensuring consistency of operating standards, or driving efficiency through continuous improvement and the digitalisation of processes.

We believe SEGRO has a market-leading operating platform, with people on the ground in all of our key locations. Through the internal management of our portfolio, we build strong and meaningful relationships with our customers and other business partners, and actively manage our assets to generate long-term outperformance.

Strong and diversified customer base

Understanding our customers and their evolving needs is crucial to the success of our business. The insights that we gain from these partnerships help us to shape our portfolio and ensure that our buildings are fit for the future and suitable for occupier's evolving needs.

Our customer base remains well diversified, reflecting the flexibility of warehouse space and that two-thirds of our portfolio is in urban locations. Our top 20 customers account for 33 per cent of total headline rent. Amazon remains our largest customer, although its share has reduced to 5 per cent of our total rent roll as a result of the recycling activity during the year.

Customers from the transport and logistics and manufacturing sectors were the largest takers of our space during 2024, as they continued to focus on prioritising efficiency, resilience and sustainability into their operations. This was closely followed by the technology, media and telecoms sector, which was driven by data centre operators taking additional space to keep up with increased corporate and consumer demand.

Our urban spaces continue to be in high demand by a large range of businesses who provide value-added goods and services to nearby growing populations.

The health of our customer base remains strong: rent lost due to insolvency was £9 million (2023: £3 million), approximately 1 per cent of our headline rent. The majority of the increase versus last year was due to the insolvency of a single customer in our Park Royal portfolio. Our income at risk watchlist remains small and rent collection is tracking at normal levels despite the economic environment.

Focused on delivering excellent customer service

Although the quality and location of our portfolio is of primary importance to our customers, the value of building outstanding customer relationships through the delivery of excellent customer service should not be underestimated. It helps us to maintain high levels of customer retention, grow rents and create new business opportunities.

We often work with our larger customers in more than one location and regularly across geographies: 26 per cent of our headline rent comes from customers with whom we have leases in more than one country. Our cross-border customer account teams help to ensure that we offer a streamlined and informed approach to these businesses.

We carry out a rolling survey of our customers throughout the year to identify and rectify issues promptly. In 2024, we spoke to 355 customers, and 97 per cent said that they would recommend SEGRO to others (2023: 96 per cent) while 86 per cent said they rated their experience with SEGRO as 'Excellent' or 'Good' (2023: 86 per cent).

During 2024 we continued to develop our customer insight programme with the launch of three SEGRO customer journey projects to help us better understand their experiences of working with SEGRO and how we can best support them. We continued to bring customers together through our Customer Futures Forums and we also launched a customer intelligence platform across the business to help us better share insights and leverage existing relationships.

¹ The 2023 figures are a restatement of previously reported figures and are in line with the methodology of our new Science Based Target.

Performance review continued

Applying Operational excellence to our supply chains

Supplier spend:

£922m

Number of suppliers:

3,069

We apply the same approach in our supply chains as we do in our internal operations and aim to develop collaborative partnerships, with mutually beneficial aims and objectives. Our suppliers range from small local businesses to multinational companies and we look to work with businesses who share our approach to matters such as health and safety, compliance and anti-bribery and corruption. Our Supplier Code of Conduct and Modern Slavery and Labour Standards Supplier Code consolidate and set out in full the principles and standards that we expect and outline how we can work side-by-side to create real change.

Our relationships with our suppliers are also important in us achieving our Responsible SEGRO ambitions. We work closely with our construction partners to reduce the embodied carbon intensity of our development programme. We also expect our suppliers to work with us to support local businesses and economies; this includes proactively sourcing labour, goods and services from our local communities and contributing to our Community Investment Plans. In the spirit of partnership, we treat our suppliers well and ensure they are paid on time. We are a signatory of the UK Prompt Payment Code (average UK payment time is 14 days). We are also an accredited UK Living Wage employer, and are working with our suppliers to help ensure everyone working in our supply chain to support us is paid a real Living Wage.

Actively managing our portfolio to create value

The supply-demand dynamics across our chosen markets remained in balance during 2024, and although occupier demand for pre-lets was lower than in previous years, we were able to drive further rental value (ERV) growth and sign £91 million of new headline rent during the year.

The active asset management of our portfolio reflects our determination to generate outperformance through the cycle. We create plans for every single asset as part of our annual asset review process, aiming to strike a balance between maintaining current high occupancy and creating opportunities to drive future rents and create value through refurbishment, redevelopment or conversion to alternative, higher value, such as data centres. We monitor a number of metrics that help us assess the performance of our existing portfolio:

– Excellent progress in capturing the embedded reversion within our portfolio:

Lease reviews and renewals during the period generated an uplift of 34 per cent (2023: 31.0 per cent), adding £27 million of new headline rent. New rents agreed at review and renewal hit a record level and were 43 per cent higher in the UK (2023: 40 per cent) as reversion accumulated over the past five years was reflected in the significantly higher new rents agreed. In Continental Europe, rents agreed on renewal were 7 per cent higher (2023: 8 per cent higher), as a result of market rental growth continuing to outpace annual indexation uplifts that have accumulated over recent years. Our portfolio is now 16 per cent reversionary, providing us with the opportunity to capture a further £118 million of headline rent, £71 million of which is up for rent review or renewal by the end of 2027.

– Occupancy within our target range at 94.0 per cent (31 December 2023: 95.0 per cent)

The increase was mostly due to takebacks in our London portfolio, including a modern estate in North London that we are already marketing and have had good initial interest, as well as older buildings to facilitate refurbishment or redevelopment. The occupancy rate excluding recently completed speculative developments reduced to 95.4 per cent

(31 December 2023: 96.0 per cent) and the average occupancy rate during the period was 95.7 per cent (2023: 95.5 per cent).

– Customer retention rate remained high at 80 per cent.

Approximately £99 million of headline rent was at risk from a break or lease expiry during the period, of which we retained 78 per cent based on customers staying in their existing space (2023: 78 per cent), and a further 2 per cent including those who moved to new premises but stayed within the portfolio (2023: 3 per cent).

– Lease terms continue to offer attractive income security.

The level of incentives agreed for new leases (excluding those on developments completed in the period) increased slightly to 6.7 per cent of the headline rent (2023: 5.8 per cent). We maintained the portfolio's weighted average lease length, with 7.2 years to first break and 8.4 years to expiry (31 December 2023: 7.3 years to first break, 8.3 years to expiry). Lease terms are longer in the UK (8.5 years to break) than in Continental Europe (5.3 years to break), reflecting the market convention of shorter leases in countries such as France and Poland.

Working closely with our customers and refurbishing older assets to help us achieve our Championing low-carbon growth ambitions

During 2024 we updated our carbon targets to align with the new Science-Based Target Initiative (SBTi) 'Buildings' framework. This has resulted in two new operational targets: a near-term target to reduce the carbon intensity of our corporate and customer emissions by 81 per cent by 2034, and a net-zero target by 2050. These targets have a new baseline of 2023 and we have restated last year's emissions using the new best practice methodology. There has been a 1 per cent increase in our corporate customer emission intensity during 2024, largely due to our data centre portfolio which accounted for the majority of the increase in our absolute emissions. Data centre customers are on their own net-zero journey with commitments to reach 100 per cent renewable energy by 2030 and we will continue to work closely with our customers to do what we can to help them make good progress on that commitment.

Our green lease clauses help to improve our visibility of our customers' carbon emissions and are key to delivering a reduction in our corporate and customer emissions. They allow us to report more accurate data and to identify opportunities to help customers operate their buildings more efficiently, reducing their carbon footprint and operating costs. These clauses, alongside an increase in the number of automatic meter feeds that we receive, have helped increase the visibility of our portfolio energy use to 87 per cent (2023: 81 per cent).

At the end of 2024, 76 per cent of the portfolio had an EPC rating of B or better (2023: 65 per cent). Whilst the majority of our portfolio is modern and already meets the highest sustainability standards, we do have some older assets in cities such as London and Paris, where land and buildings are in short supply and rents continue to grow. This provides us with the opportunity to add significant value through refurbishment and whilst also improving their environmental performance.

A key part of our asset planning process is therefore determining the phasing of these projects and managing the space to ensure we have vacant possession to suit our future plans. This can lead to periods where the headline vacancy in these sub-markets is elevated, for example in our London portfolio at the end of 2024, but the cost of this vacancy is more than outweighed by the value created through the refurbishment or redevelopment. Opportunities such as these are not included in our future development programme and could create significant rental uplifts.

Our asset management teams are also working hard to expand the solar capacity of our portfolio through retrofitting onto existing assets (we install photovoltaic arrays on almost all new developments) where feasible. During 2024 we added a record 64MW to our installed solar capacity, more than doubling it and taking the total to 123MW, 16MW of this was through retrofits onto existing buildings.

Regional updates

Our UK and Continental European Managing Directors discuss what happened in their respective regions during 2024, and give some thoughts on what 2025 might have in store

Germany	Netherlands		
Portfolio value £1.8bn (-2.4%) ¹	Portfolio value £0.6bn (-2.8%) ¹		
ERV growth 2.7%	ERV growth 6.5%		
Big Box/Urban 49%/51%	Big Box/Urban 89%/11%		
Headline rent (at share) £73m	Headline rent (at share) £24m		
Occupancy 97%	Occupancy 99%		
Italy	Spain		
Portfolio value £1.0bn (-2.4%) ¹	Portfolio value £0.3bn (+5.9%) ¹		
ERV growth 0.6%	ERV growth 0.3%		
Big Box/Urban 89%/11%	Big Box/Urban 69%/31%		
Headline rent (at share) £54m	Headline rent (at share) £15m		
Occupancy 99%	Occupancy 100%		
UK	France	Poland	Czech Republic
Portfolio value £11.5bn (+2.1%) ¹	Portfolio value £1.9bn (+0.7%) ¹	Portfolio value £1.3bn (-0.1%) ¹	Portfolio value £0.2bn (+0.1%) ¹
ERV growth 3.7%	ERV growth 2.0%	ERV growth 4.0%	ERV growth 0.1%
Big Box/Urban 17%/83%	Big Box/Urban 40%/60%	Big Box/Urban 77%/23%	Big Box/Urban 97%/3%
Headline rent (at share) £430m	Headline rent (at share) £82m	Headline rent (at share) £44m	Headline rent (at share) £5m
Occupancy 93%	Occupancy 95%	Occupancy 93%	Occupancy 98%

Find out more about the structural drivers affecting our market: [page 4](#)

1. % valuation change.

Regional updates continued

James Craddock
Managing Director,
UK



UK occupier markets fared reasonably well during 2024, although macroeconomic uncertainty dented business confidence and brought take-up back to pre-pandemic levels. As the year progressed an improving picture emerged with a stabilisation in vacancy rates and falls in some markets due to a reduction in speculative supply and increased demand. Rental growth continued throughout the year, albeit at more moderate levels but with some very strong pockets of growth, most notably in our Heathrow and certain parts of our National Markets portfolio. UK property yields were stable and investor sentiment improved as the year progressed, particularly for prime assets with strong reversionary potential.

2024 key highlights

- Captured a significant amount of reversion during the year, particularly in the London portfolio.
- Renewal of the Simplified Planning Zone in Slough.
- Two large pre-lets signed for big box warehouses in the Midlands, despite a quieter pre-let market.
- Smart acquisitions helping create clusters in attractive markets.
- Hit key milestones on the infrastructure works at our new big box logistics park development in Radlett in Hertfordshire.

Risks and opportunities

- Signs of improved sentiment in the occupier markets towards the end of 2024 points to more active pre-let markets in 2025.
- £94 million of reversion to capture in our UK portfolio.
- Vacancy remains high in our London portfolio as we upgrade older assets to prime standards to enhance value.
- Slough Trading Estate remains in demand for new data centres.
- Planning in place for some of our key London schemes, which will allow us to progress quickly when occupier demand accelerates.

Marco Simonetti
Managing Director,
Continental Europe



Occupier markets in Continental Europe experienced similar trends to the UK during 2024 and we saw a lower level of pre-let requirements in most of our markets. We saw less of a pandemic supply response on the Continent, however, and vacancy rates have remained low versus historical averages. We experienced rental growth in all of our markets but it varied quite significantly and was stronger where we had leasing or development activity. Investment market liquidity improved in the second half of the year which helped yields to stabilise and allowed us to recycle a number of assets, unlocking capital to reinvest into opportunities that we expect to offer better returns.

2024 key highlights

- Rental growth across all of our markets, albeit at a more moderate pace than during the pandemic period.
- Lower level of development completions but good progress in progressing planning for future schemes.
- Well-executed disposals programme.
- Almost doubled the size of our Dutch portfolio through some great asset acquisitions.
- Good progress securing power for some of our Continental European data centre opportunities.

Risks and opportunities

- Potential improvements in the political environment (particularly in France and Germany) has resulted in increased enquiry levels more recently.
- Completion of speculative schemes in some of our most supply constrained urban markets (Paris, Frankfurt, Berlin, Düsseldorf), including our innovative underground scheme Les Gobelins.
- Industrial and logistics is still a favoured sub-sector for real estate investors so potential for yield compression as activity returns, supported by lower European bond yields.

SEGRO European Logistics Partnership (SELP)

SEGRO European Logistics Partnership (SELP) is our Continental European big box joint venture with PSP Investments. SELP's assets are managed by SEGRO alongside its own portfolio and in return SELP pays SEGRO annual fees for asset management, development, advisory and administrative services. At 31 December 2024 SELP's AUM was €6 billion.



For more information on the joint venture please visit:
selp.lu

Financial review

Financial review



Soumen Das
Chief Financial Officer

Adjusted profit before tax

£470m

2023: £409m

IFRS profit before tax

£636m

2023: £263m loss before tax

Available cash and undrawn committed facilities

£2.1bn

2023: £1.7bn

Loan to value ratio

28%

2023: 34%

Financial position and funding

	31 December 2024		31 December 2023	
	SEGRO Group	SEGRO Group, JVs and associates at share	SEGRO Group	SEGRO Group, JVs and associates at share
Net borrowings (£m)	4,244	5,000	4,972	6,016
Available cash and undrawn committed facilities (£m) ¹	1,705	2,125	1,527	1,722
Gearing (%)	35	N/A	45	N/A
Loan to value ratio (%)	28	28	34	34
Net debt: EBITDA ratio (times) ²	8.6	N/A	10.4	N/A
Weighted average cost of debt (%) ³	2.5	2.5	3.2	3.1
Interest cover (times) ⁴	3.7	3.9	2.7	3.0
Average duration of debt (years)	7.8	6.9	7.6	6.9

1 Excludes tenant deposits held within cash and cash equivalents.

2 Calculation detailed in Table 2 in the Supplementary Notes.

3 Based on gross debt, excluding commitment fees and non-cash interest.

4 Net rental income/Adjusted net finance costs (before capitalisation).

Financial position at 31 December 2024

At 31 December 2024, the gross borrowings of the SEGRO Group and its share of gross borrowings in joint ventures and associates, after capitalised finance costs, totalled £5,536 million (31 December 2023: £6,420 million), of which £3 million (31 December 2023: £6 million) are secured by way of legal charges over specific assets. The remainder of gross borrowings are unsecured. Cash and cash equivalent balances were £536 million (31 December 2023: £404 million). The average debt maturity was 6.9 years (31 December 2023: 6.9 years) and the average cost of debt as at 31 December 2024 (excluding non-cash interest and commitment fees) was 2.5 per cent (31 December 2023: 3.1 per cent).

Funds available to the SEGRO Group (including its share of joint ventures and associates) at 31 December 2024 totalled £2,337 million (31 December 2023: £1,930 million), comprising £536 million cash and short-term investments (which includes £72 million of tenant deposits) and £1,801 million of undrawn credit facilities (which includes £140 million of uncommitted facilities). Cash and cash equivalent balances, together with the Group's interest rate and foreign exchange derivatives portfolio, are spread amongst a strong group of banks, all of which have a credit rating of A- or better.

Financing

During 2024, SEGRO completed the following financing transactions.

- **Short-term debt:** During the year, SEGRO has extended the term of €700 million of its revolving credit facilities by a further year. €600 million was extended to a 2027 maturity, and €100 million was extended to a 2028 maturity. SEGRO also cancelled a €100 million bilateral credit facility, which was replaced by the bilateral revolving credit facility entered into in January 2024.
- **Medium-term debt:** SEGRO has repaid a total of £725 million of term loans and extended the maturity of £90 million of term loans for a further year, to 2027.
- **Long-term debt:** In September 2024, SEGRO issued a €500 million 3.5 per cent bond due in 2032. In January 2025, SELP issued a €500 million 3.75 per cent bond due in 2032.
- **New equity:** In February 2024, SEGRO undertook an equity placing in which we raised £907 million of gross proceeds (before costs) through the issue of 111 million new shares at a price of 820 pence.

Financial review continued

Monitoring and mitigating financial risk

As explained in the risks section of this Annual Report, the Group monitors a number of financial metrics to assess the level of financial risk being taken and to mitigate that risk.

Treasury policies and governance

The Group Treasury function operates within a formal policy covering all aspects of treasury activity, including funding, counterparty exposure and management of interest rate, currency and liquidity risks. Group Treasury reports on compliance with these policies on a quarterly basis and policies are reviewed regularly by the Board.

Progress against our strategy

What we said we would do

We intend to keep our LTV at around 30 per cent.

What we achieved in 2024

The impact of decreased borrowings has meant that LTV has decreased from 34 per cent to 28 per cent at 31 December 2024.

What to expect in 2025

We aim to maintain our mid-cycle LTV at around 30 per cent, although the evolution of the property cycle will inevitably mean that there are periods of time when our LTV is higher or lower than this. We believe this approach ensures significant headroom compared against our tightest gearing covenants should property values decline further, as well as providing the flexibility to take advantage of investment opportunities which may arise. We have available cash and undrawn committed facilities of £2.1 billion (including our share of joint ventures and associates) on which we can draw to fund our investment plans.

 Read more on our strategy:
page 2

Gearing and financial covenants

We consider the key leverage metric for SEGRO to be a proportionally consolidated ('look-through') loan to value ratio (LTV) which incorporates assets and net debt on SEGRO's balance sheet and SEGRO's share of assets and net debt on the balance sheets of its joint ventures. The LTV at 31 December 2024 on this basis was 28 per cent (31 December 2023: 34 per cent), the decrease primarily driven by decreased borrowings.

SEGRO's borrowings contain gearing covenants based on Group net debt and net asset value, excluding debt in joint ventures. The gearing ratio of the Group at 31 December 2024, as defined within the principal debt funding arrangements of the Group, was 35 per cent (31 December 2023: 45 per cent).

This is significantly lower than the Group's tightest financial gearing covenant within these debt facilities of 160 per cent. Property valuations would need to fall by around 54 per cent from their 31 December 2024 values to reach the gearing covenant threshold of 160 per cent. A 54 per cent fall in property values would equate to an LTV ratio of approximately 61 per cent.

The Group's other key financial covenant within its principal debt funding arrangements is interest cover, requiring that net interest before capitalisation be covered at least 1.25 times by net property rental income. The ratio for 2024 was 3.7 times, comfortably ahead of the covenant minimum. Net property rental income would need to fall by around 66 per cent from 2024 levels, or the average interest rate would need to rise to 9.2 per cent (from the full-year average interest rate of 3.1 per cent) to breach the interest cover covenant threshold. On a proportionally consolidated basis, including joint ventures, the interest cover ratio was 3.9 times.

SEGRO also monitors its leverage on a net debt: EBITDA basis which is an important metric for rating agencies and our investors. SEGRO's net debt: EBITDA ratio at the end of 2024 was 8.6 times (2023: 10.4 times), reflecting the net impact of an £19 million increase in EBITDA and

a £728 million decrease in net debt. SEGRO has a long-term issuer default rating of 'BBB+' and a senior unsecured rating of 'A-' from Fitch Ratings as at 31 December 2024. The outlook on the long-term issuer default rating was revised in May 2024 to stable, from negative.

We mitigate the risk of over-gearing the Company and breaching debt covenants by carefully monitoring the impact of investment decisions on our LTV and by stress testing our balance sheet to potential changes in property values.

Our intention for the foreseeable future is to maintain our LTV at around 30 per cent, although the evolution of the property cycle will inevitably mean that there are periods of time when our LTV is higher or lower than this. However, this level of LTV through the cycle provides the flexibility to take advantage of investment opportunities arising and ensures significant headroom compared against our tightest gearing covenants should property values decline.

The weighted average maturity of the gross borrowings of the Group (including joint ventures at share) was 6.9 years, with the closest maturity being SELP's €500 million euro bond in

November 2025, followed by SEGRO's €650 million euro bond in March 2026. This long average debt maturity comprises a well spread debt funding maturity profile which reduces future refinancing risk.

Interest rate risk

The Group's interest rate risk policy is designed to ensure that we limit our exposure to volatility in interest rates. The policy states that between 50 and 100 per cent of net borrowings (including the Group's share of borrowings in joint ventures) should be at fixed or capped rates, including the impact of derivative financial instruments.

At 31 December 2024, including the impact of derivative instruments, 116 per cent (2023: 95 per cent) of the net borrowings of the Group (including the Group's share of borrowings within joint ventures) were either at fixed rates or are protected from rising interest rates with an active interest rate cap. This hedged debt percentage is currently greater than 100 per cent due to the temporarily higher cash balance and lower floating rate bank borrowings. The active interest rate cap portfolio has a spread of expiry dates over the next 5 years to 2029 and an average expiry of 3.0 years.

	31 December 2024	31 December 2023
Hedging position (% of net borrowings)		
SEGRO Group		
Fixed rate borrowings	92	73
Floating rate borrowings subject to an active cap	23	23
Floating rate borrowings subject to an inactive cap	3	-
Floating rate borrowings not hedged	(9)	12
Total gross	109	108
Cash & cash equivalents	(9)	(8)
Total	100	100
SEGRO Group, JVs and associates at share		
Fixed rate borrowings	97	76
Floating rate borrowings subject to an active cap	19	19
Floating rate borrowings subject to an inactive cap	3	-
Floating rate borrowings not hedged	(8)	11
Total gross debt	111	106
Cash & cash equivalents	(11)	(6)
Total	100	100

Financial review continued

The Group has had a temporary elevated cash balance throughout the year, which has been invested in short-term interest-bearing deposits and money market funds. In order to protect the Group from decreases in floating interest rates, a series of interest rate floor contracts were entered into to manage this risk. The interest rate floors are short-term contracts to reflect the temporary nature of the elevated cash balance and are all due to mature during 2025.

As a result of the fixed and capped cover in place, if short-term interest rates had been 100 basis points higher throughout the year to 31 December 2024, the adjusted net finance cost of the Group would have been approximately £5 million lower (31 December 2023: £10 million higher for a 200 bps increase in interest rates) representing around 1 per cent (31 December 2023: 3 per cent) of Adjusted profit after tax. The sensitivity is currently inverted due to the floating rate income earned on the higher than usual cash balances during the year to 31 December 2024.

The Group elects not to hedge account its interest rate derivatives portfolio. Therefore, movements in its fair value are taken to the income statement but, in accordance with EPRA Best Practices Recommendations Guidelines, these gains and losses are eliminated from Adjusted profit after tax.

Foreign currency translation risk

The Group has minimal transactional foreign currency exposure but does have a potentially significant currency translation exposure arising on the conversion of its foreign currency denominated assets (mainly euro) and euro denominated earnings into sterling in the Group consolidated accounts.

The Group seeks to limit its exposure to volatility in foreign exchange rates by hedging its foreign currency gross assets using either borrowings or derivative instruments. The Group targets a hedging range of between the last reported LTV ratio (28 per cent at 31 December 2024) and 100 per cent. At 31 December 2024, the Group was 75 per cent hedged by gross foreign currency denominated liabilities (31 December 2023: 74 per cent).

Including the impact of forward foreign exchange and currency swap contracts used to hedge foreign currency denominated net assets, if the value of the other currencies in which the Group operates at 31 December 2024 weakened by 10 per cent against sterling (to €1.33, in the case of euros), net assets would have decreased by approximately £124 million and there would have been a reduction in gearing of approximately 2.4 per cent and in the LTV of 1.4 per cent.

The average exchange rate used to translate euro denominated earnings generated during 2024 into sterling within the consolidated income statement of the Group was €1.18: £1. Based on the hedging position at 31 December 2024, and assuming that this position had applied throughout 2024, if the euro had been 10 per cent weaker than the average exchange rate (€1.30: £1), Adjusted profit after tax for the year would have been approximately £9 million (2.4 per cent) lower than reported. If it had been 10 per cent stronger, Adjusted profit after tax for the year would have been approximately £11 million (2.9 per cent) higher than reported.

Going concern

As noted in the Financial Position and Funding section above, the Group has significant available liquidity to meet its capital commitments, a long-dated debt maturity profile and substantial headroom against financial covenants.

- In February 2024, the Group raised £907 million of new equity.
- In September 2024, the Group raised a €500 million Eurobond, with a six times over subscription rate. Proceeds were used to refinance 2025 and 2026 term loan maturities.
- Cash and available committed facilities, excluding tenant deposits, at 31 December 2024 were £1.7 billion.
- The negative outlook on SEGRO's A- senior unsecured rating from Fitch was removed in May 2024.
- The Group continuously monitors its liquidity position compared to the refinancing requirements of maturing debt, committed and expected capital and operating expenses on a rolling forward 18-month basis. The quantum of committed capital expenditure at any point in time is typically low due to the short timeframe to construct warehouse buildings.
- The Group also regularly stress-tests its financial covenants. As noted above, at 31 December 2024, property values would need to fall by around 54 per cent before breaching the gearing covenant. In terms of interest cover, net rental income would need to fall by 66 per cent or the average interest rate would need to reach in excess of 9 per cent before breaching the interest cover covenant. All would be significantly in excess of the Group's experience during the financial crisis.

Having made enquiries and having considered the principal risks facing the Group, including liquidity and solvency risks, and material uncertainties, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future (a period of at least 12 months from the date of approval of the financial statements). Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Income statement review

Presentation of financial information

The Group Financial Statements are prepared under IFRS where the Group's interests in joint ventures and associates are shown as a single line item on the income statement and balance sheet and subsidiaries are consolidated at 100 per cent.

The Adjusted profit measure reflects the underlying financial performance of the Group's property rental business, which is our core operating activity. It is based on EPRA earnings as set out in the Best Practices Recommendations Guidelines of the European Public Real Estate Association (EPRA) which are widely used alternate metrics to their IFRS equivalents within the European real estate sector (further details can be found at www.epra.com). In calculating Adjusted profit, the Directors may also exclude additional items considered to be non-recurring, unusual, or significant by virtue of size and nature. In the current year no such adjustments have been made. In the prior year, the net profit after tax impact of the SELP performance fees recognised of £42 million has been excluded. Furthermore, in the prior year, an impairment of a loan to an associate (£28 million) has been excluded.

See Note 2 for more detail.

Financial review continued

Income statement review continued

Adjusted profit (note 2)

	2024 £m	2023 £m
Gross rental income	592	547
Property operating expenses	(92)	(85)
1 Net rental income	500	462
3 Joint venture management fee income	26	29
Management and development fee income	6	4
Net service charge and other income	(1)	1
2 Administrative expenses	(76)	(63)
3 Share of joint ventures and associates' adjusted profit ¹	83	82
Adjusted operating profit before interest and tax	538	515
4 Net finance costs	(68)	(106)
Adjusted profit before tax	470	409
5 Tax on adjusted profit	(12)	(10)
6 Adjusted profit after tax	458	399

Net rental income

£38m higher

1 Net rental income increased by £38 million to £500 million (or by £41 million to £628 million including joint ventures and associates at share before joint venture fees), reflecting the positive net impact of like-for-like rental growth, development completions and investment activity during the year, offset by the impact of disposals.

On a like-for-like basis², before other items (primarily corporate centre and other costs not specifically allocated to the two property businesses), net rental income increased by £29 million, or 5.8 per cent, compared to 2023.

This is due to strong rental performance across our portfolio. In the UK, there was a 5.9 per cent increase, primarily through capturing the reversionary potential in the portfolio through lease reviews and renewals. In Continental Europe there was a similar increase (5.7 per cent), primarily through indexation; (for more information see Performance review page 41).

Administration expenses

£13m higher

2 Administrative expenses have increased by £13 million to £76 million in the current year. This primarily related to investment in technology through IT costs and depreciation from project spend in previous years, as well as costs relating to transactions not completed. This is a contributory factor for the total cost ratio (after share-based payments), which includes property operating expenses which increased from 18.4 per cent to 20.7 per cent in the current year. Further detail is given in Table 9 in the notes to the Financial Statements.

Income from joint ventures and associates

£2m lower

3 SEGRO's share of joint ventures and associates' Adjusted profit after tax increased slightly (£1 million) from £82 million in 2023 to £83 million in 2024. The increase is due to a small upward movement in net rental income.

Joint venture fee management fee income decreased by £3 million to £26 million in 2024 due to a reduction in development activity and lower property values, on which elements of the fees are based.

Prior period performance fees from joint ventures have been excluded from Adjusted profit and are discussed in Note 7 to the Financial Statements.

Net finance costs

£38m lower

4 Net finance costs were £38 million lower than 2023 at £68 million. This is primarily due to lower net debt in the year following the equity raise in the early part of 2024, discussed further in the Financing section above. Furthermore, average interest rates during the year were 3.1 per cent compared to 3.4 per cent in the prior year, further reducing the net finance costs. Interest capitalised on the development of properties in the year was £67 million, slightly higher than the prior year (2023: £64 million).

Taxation

2.6% (effective rate)

5 The tax charge on Adjusted profit of £12 million (2023: £10 million) reflects an effective tax rate of 2.6 per cent (2023: 2.4 per cent).

The Group's effective tax rate reflects the fact that around three-quarters of its wholly-owned assets are located in the UK and qualify for REIT status. This status means that income from rental profits and gains on disposals of assets in the UK are exempt from corporation tax, provided SEGRO meets a number of conditions including, but not limited to, distributing 90 per cent of UK taxable profits.

Adjusted profit (EPS)

£59m higher (34.5p)

6 Adjusted profit after tax increased by £59 million to £458 million (2023: £399 million) as a result of the above movements, primarily growth in rental income and reduced finance costs.

Adjusted profit is detailed further in Note 2 to the Financial Statements.

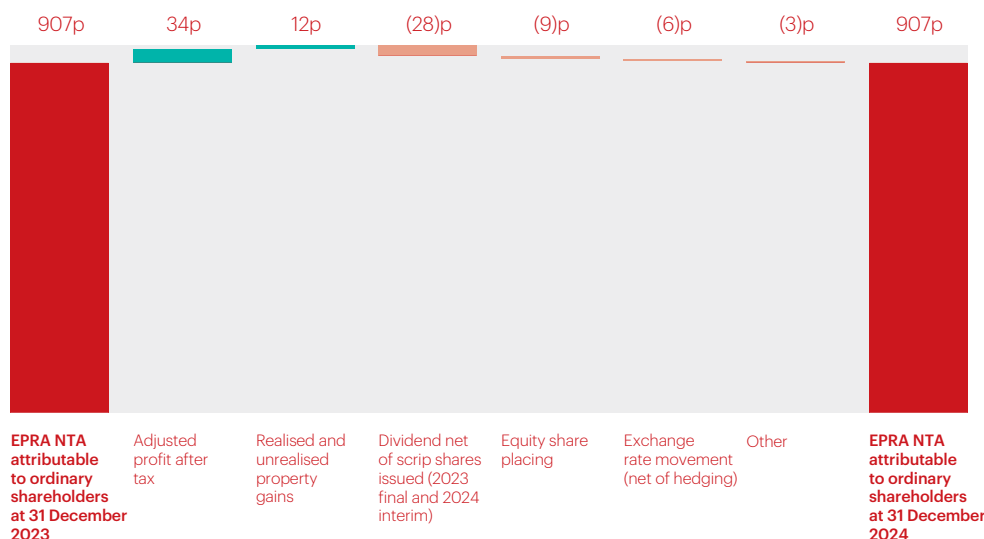
Adjusted earnings per share are 34.5 pence compared to 32.7 pence in 2023 due to the increase in Adjusted profit offset by the 108.7 million increase in the average number of shares in issue compared to the prior year, largely as a result of the equity placing.

1 Comprises net property rental income less administrative expenses, net finance costs and taxation.

2 The like-for-like net rental growth metric is based on properties held throughout both 2024 and 2023 on a proportionally consolidated basis. This provides details of underlying net rental income growth excluding the distortive impact of acquisitions, disposals and development completions.

Financial review continued

Adjusted net asset value (pence per share)



IFRS profit

IFRS profit before tax in 2024 was £636 million (2023: £263 million loss), equating to basic post-tax IFRS profit per share of 44.7 pence compared with loss per share of 20.7 pence for 2023. A reconciliation between Adjusted profit before tax and IFRS profit before tax is provided in Note 2 to the Financial Statements.

The principal driver of IFRS profit is realised and unrealised property gains which is the main reason for the higher profit per share in 2024 versus 2023. Total gain on properties is £167 million (2023: £760 million loss). This includes a £195 million realised and unrealised property gain on investment and trading properties in the wholly-owned business (2023: £598 million loss) and £28 million loss from joint ventures and associates at share (2023: £162 million loss).

The largest component is valuation gains on investment properties of £90 million including joint ventures at share (2023: £809 million loss), which is driven by a 3.2 per cent increase in ERV and gains from development completions. These are discussed in more detail in the Performance review on page 35. Other property movements include profit on sale of wholly-owned investment properties of £75 million (2023: £39 million).

In addition, SEGRO recognised a tax charge in respect of adjustments of £30 million (2023: £20 million credit) primarily in relation to property disposals and valuation movements.

Balance sheet

At 31 December 2024, IFRS net assets were £12,049 million (31 December 2023: £10,904 million), reflecting 889 pence per share (31 December 2023: 886 pence) on a diluted basis.

Adjusted NAV per share at 31 December 2024 was 907 pence and flat compared to the prior year (31 December 2023: 907 pence). This movement primarily reflects profits and property gains, offset by dividends, the impact of the equity placing (where shares were issued at a price below net asset value per share) and exchange rate movements. The chart highlights the main factors behind the movement in Adjusted NAV. A reconciliation between IFRS and Adjusted NAV is available in Note 12 to the Financial Statements.

Cash flow and net debt reconciliation

Cash flows from operating activities of £459 million are £125 million lower than the prior year. This is primarily due to the prior period including receipt of a performance fee (£89 million) and proceeds from disposal of a trading property (£35 million). Finance cost outflows of £141 million in servicing the debt facilities, represent a £26 million reduction on the prior year, reflecting lower net debt in the period. Interest rate risk management is detailed further in the Financial review on page 45. In addition there were tax payments of £17 million, primarily in France.

The Group made net investments of £377 million in investment and development properties during the year on a wholly-owned cash flow basis (2023: £487 million). This is principally driven by expenditure of £1,000 million (2023: £839 million) to purchase and develop investment properties to deliver further growth in line with our strategy. Disposals of investment properties increased by £271 million to £623 million compared to the prior year (2023: £352 million) as the business continued to recycle assets when the opportunity arose.

The largest cash flow in the year relates to proceeds from new equity of £889 million (being gross proceeds £907 million received net of costs) discussed in the Financing section above.

During the year £277 million (2023: £185 million) dividends were paid which is lower than the total dividend due to the level of scrip uptake of £115 million (2023: £129 million) and tax paid relating to the prior year Property Income Distribution of £13 million (2023: £13 million payment deferred).

Overall, net debt has decreased in the year by £728 million to £4,244 million.

Capital expenditure

Table 10 in the Supplementary Notes sets out analysis of the capital expenditure during the year. This includes acquisition and development spend, on an accruals basis, in respect of the Group's wholly-owned investment and trading property portfolios, as well as the equivalent amounts for joint ventures and associates at share.

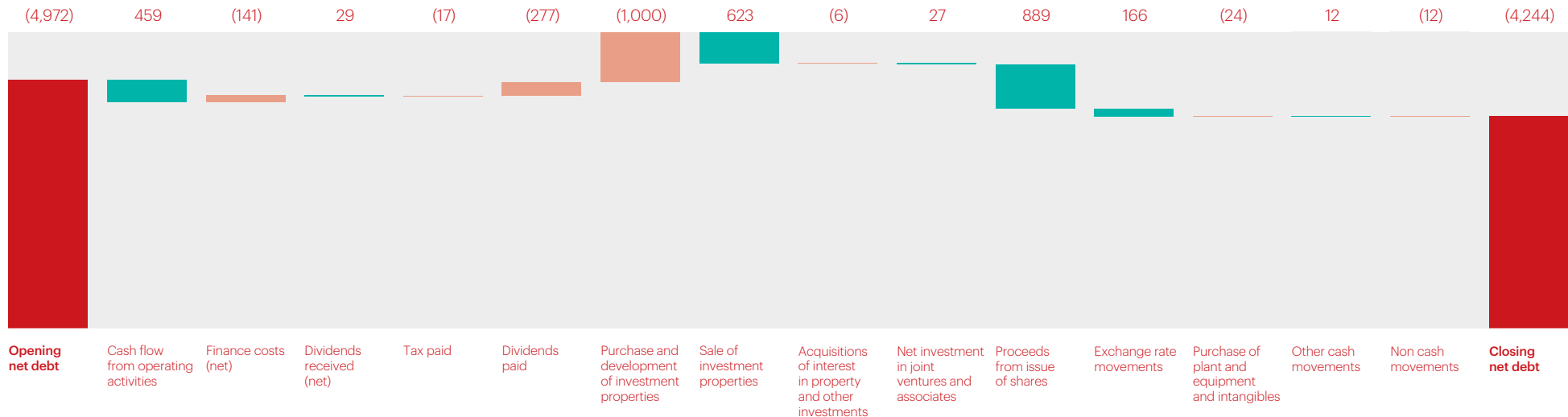
Total spend for the year was £1,104 million, broadly in line with the prior year (2023: £1,121 million), with reduced development spend offset by increased acquisition spend. More detail on this spend can be found in the Development and Investment Updates on pages 37 to 39.

Development capital expenditure was £471 million in the year (2023: £527 million) primarily in the UK. This includes infrastructure spend of £138 million (2023: £92 million). Interest of £69 million (2023: £68 million) has been capitalised in the year.

Spend on existing completed properties totalled £54 million (2023: £67 million), of which £1 million (2023: £1 million) was for incremental lettable space. The balance mainly comprises refurbishment and fit-out costs, which equates to less than 5 per cent of total spend.

Financial review continued

Cash flow bridge (£m)



Dividend increase reflects the strong operational results and confidence for the future

Under the UK REIT rules, we are required to pay out 90 per cent of UK-sourced, tax-exempt rental profits as a 'Property Income Distribution' (PID). Since we also receive income from our properties in Continental Europe, our total dividend should normally exceed this minimum level and we target a payout ratio of 85 to 95 per cent of Adjusted profit after tax. We aim to deliver a progressive and sustainable dividend which grows in line with our profitability in order to achieve our goal of being a leading income-focused REIT.

The Board has concluded that it is appropriate to recommend an increase in the 2024 final dividend per share by 1.1 pence to 20.2 pence (2023: 19.1 pence). We will pay the 2024 final dividend as a PID and expect to pay the 2025 interim dividend as an ordinary dividend. The Board's recommendation is subject to approval by shareholders at the 2025 Annual General Meeting to be held on 30 April 2025, in which event the 2024 final dividend will be paid on 14 May 2025 to shareholders on the register at the close of business on 28 March 2025.

In considering the final dividend, the Board took into account:

- the policy of targeting a payout ratio of between 85 and 95 per cent of Adjusted profit after tax;
- the desire to ensure that the dividend is sustainable and progressive throughout the cycle; and
- the results for 2024 and the outlook for earnings.

The total dividend for the year will, therefore, be 29.3 pence, a rise of 5.4 per cent versus 2023 (27.8 pence) and represents distribution of 86 per cent of Adjusted profit after tax.

The Board has decided not to offer a scrip dividend option for the 2024 final dividend.

Managing risk

Effective risk management

Successful delivery of our strategy supported by a professional and functional risk management programme.

An effective, proportionate, reliable and integrated risk management process is essential to support our strategy, decision-making and business model. Our risk management approach ensures that SEGRO can remain stable and resilient in the face of ongoing macroeconomic uncertainty and disruption. This approach also ensures we are best positioned to capitalise from any short- and long-term market improvement.

Annual risk management update

Throughout the year, the Board and key committees have overseen our response to external challenges and their broader economic implications, as well as internal risks. As a result, proactive measures have been taken to mitigate impacts on our operations, strategy and stakeholders. We regularly review our investment plans and manage our balance sheet diligently to protect SEGRO against future uncertainty.

The Group Risk Committee, comprised of a team of knowledgeable and experienced senior management, has convened three times this year to oversee the risk management function on behalf of the Executive Committee. Whilst SEGRO's principal risks remain relatively consistent from year to year, we place particular emphasis on key areas that respond to shifts in the external environment or within the business.

This year, one area of focus has been the availability of power. Power was already a key part of the existing Development and Construction Execution risk. We continue to focus on the challenges in securing the right amount of power, in the right place, at the right time, to meet the demands of our customers and to optimise returns. We are increasing internal expertise to manage this risk and have established an Energy Strategy. We continue to work closely with governments, invest in on-site energy generation capacity and communicate with regulators.

Emerging risks

In addition to monitoring our principal risks in the Risk Register, we actively identify and monitor emerging risks. These include a variety of factors such as longer-term customer trends, technological development and Artificial Intelligence, climate change-related extreme weather events and corporate growth. Two examples of what we consider are:

Technological development and Artificial Intelligence

There may be negative and/or unintended consequences of advances in technological capabilities as well as significant opportunities. Artificial Intelligence is developing extremely quickly and longer term, there is uncertainty around its application, significant interconnectivity with existing risks and potential detrimental knock-on effects. SEGRO must closely monitor these developments to be in a position to maximise potential longer-term opportunities.

Customer concentration and trends

If SEGRO fails to predict longer-term customer preferences, we could end up holding assets which do not meet customer demand and this could be linked to a lack of competitiveness. SEGRO monitors changes in customer demand and their drivers (which may be associated with other risk areas such as climate change, technological and power demand). To mitigate these risks, SEGRO maintains close relationships with customers whilst also monitoring customer concentration risk.

Soumen Das

Chief Financial Officer

Managing risk continued

Our risk appetite

Risk management provides a structured approach to decision making that aims to reduce uncertainty regarding expected outcomes and keep controllable risks within our appetite. This allows us to protect value for our stakeholders, both now and in the future.

Risk appetite is at the core of our risk management process and guides business decisions, making it integral to our strategic considerations and medium-term planning. It is applicable throughout the organisation, including joint ventures and associates.

The Group's risk appetite is reviewed annually and approved by the Board. In addition to qualitative descriptions, our risk appetite defines tolerances and targets for key metrics, as well as criteria for assessing the potential impact of risks and our strategies for mitigating them. We have different risk appetites for different types of risk and they are dynamic, adapting over time and throughout the property cycle. Overall, the Group maintains a low appetite for risk, aligning with our strategic objective of delivering long-term sustainable value.



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"We understand that a unified and responsive approach to risk management is essential for us to be able to address the risks to our strategy."

Soumen Das
Chief Financial Officer

1 SEGRO Park Le Thillay

Property risk

SEGRO recognises that achieving outperformance from our portfolio requires accepting a balanced level of property risk to enhance opportunities for superior returns. Our portfolio aims for attractive, low-risk income returns and resilience in downturns. Our development is supported by appropriate land holdings and we rely on a diverse occupier base avoiding overspecialised properties where possible.

Financial risk

The Group maintains a low appetite for financial risk overall, with an especially low tolerance for risks related to solvency and gearing covenant breaches. As a REIT, we prioritise stable earnings and dividends, and seek long-term growth in net asset value, although we recognise that external factors can influence the property cycle. We acknowledge that a moderate leverage strategy can amplify the effects of market-driven asset valuation fluctuations on net asset value.

Corporate risk

The Group has a very low appetite for risks that could harm our reputation with customers and other stakeholders, including investors, regulators, employees, business partners, suppliers, lenders, and the communities where we operate. Our responsibilities to these stakeholders encompass compliance with relevant laws, accurate and timely reporting of financial and regulatory information, protecting the health and safety of all stakeholders, considering our environmental impact, adhering to ethical codes of conduct, ensuring business continuity, and contributing positively to our local communities.

Managing risk continued

“Our risk management process is well-established and understood by the business and those involved in the risk governance process.”

Soumen Das
Chief Financial Officer

Risk management

Our integrated and robust approach to risk management

The risk management process aims to identify, assess, respond to and record significant risks that may affect the Group's objectives. Since most risks can often only be partially avoided, the focus is on mitigation and the process provides reasonable, but not absolute, assurance regarding the effectiveness. Continuous oversight ensures SEGRO can adapt to changing risks and SEGRO therefore monitors emerging as well as principal risks.

The Board has conducted a thorough assessment of the principal risks facing the Group, formally reviewing them twice a year. Additionally, the Board has completed its annual review and approval of the Group's risk appetite and risk management policy. The Audit Committee has evaluated the adequacy of the Group Risk process during the year.

While the Board acknowledges limited control over many external risks such as global events, macroeconomic trends and regulatory factors, it remains committed to assessing their potential impact on the business and subsequent decision-making. Internal risks are closely monitored to ensure that effective controls are in place and functioning as intended.

The most significant risks are detailed in the Group Risk Register, where they are assessed in both inherent (before controls) and residual (after controls) states. Risk impact is measured against our risk appetite to categorise each risk as below appetite, within appetite, tolerable or intolerable. We also formally assess the velocity of significant risks. Each identified risk has a range of mitigating controls established to manage it effectively.

A Key Risk Indicator (KRI) dashboard is regularly produced and monitored to track actual and forecast performance against our risk appetite metrics. This dashboard facilitates informed decision-making by providing a clear overview of risk status. KRIs are routinely reviewed by relevant monitoring committees as part of their decision-making processes and play a crucial role in the Group's Medium-Term Plan, ensuring alignment with our strategic objectives.

The Register is used as a key input to determine priorities for the Group's internal audit assurance programme. Furthermore, management's annual self-assessment of internal control effectiveness is driven by the register.

Our framework for risk governance

The first line of defence is provided by the part of the business that has primary responsibility to own and manage the risk.

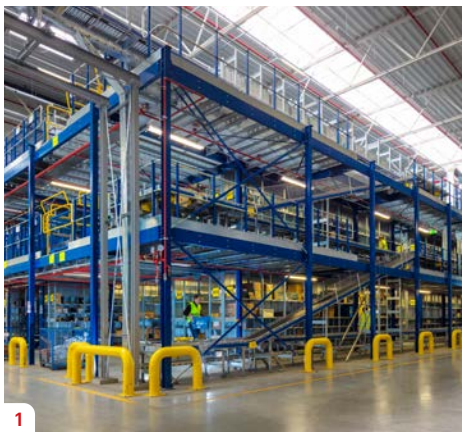
The second line of defence is provided by the committee or group that oversees the risk or which specialises in compliance or risk management. This would typically be a monitoring committee such as the Executive Committee or the Investment Committee, as well as the risk management function overseen by the Group Risk Committee.

The third line of defence is provided by Internal Audit which gives objective and independent assurance over whether the first and second lines of defence are operating effectively.

The Board has overall responsibility for ensuring that risk is effectively and consistently managed across the Group. The Audit Committee monitors effectiveness on behalf of the Board.

Further information on compliance with the risk management provisions of the UK Corporate Governance Code can be found in the Internal controls and risk management section of the Audit Committee Report.

Accountabilities for the Group's risk management are outlined in the diagram.

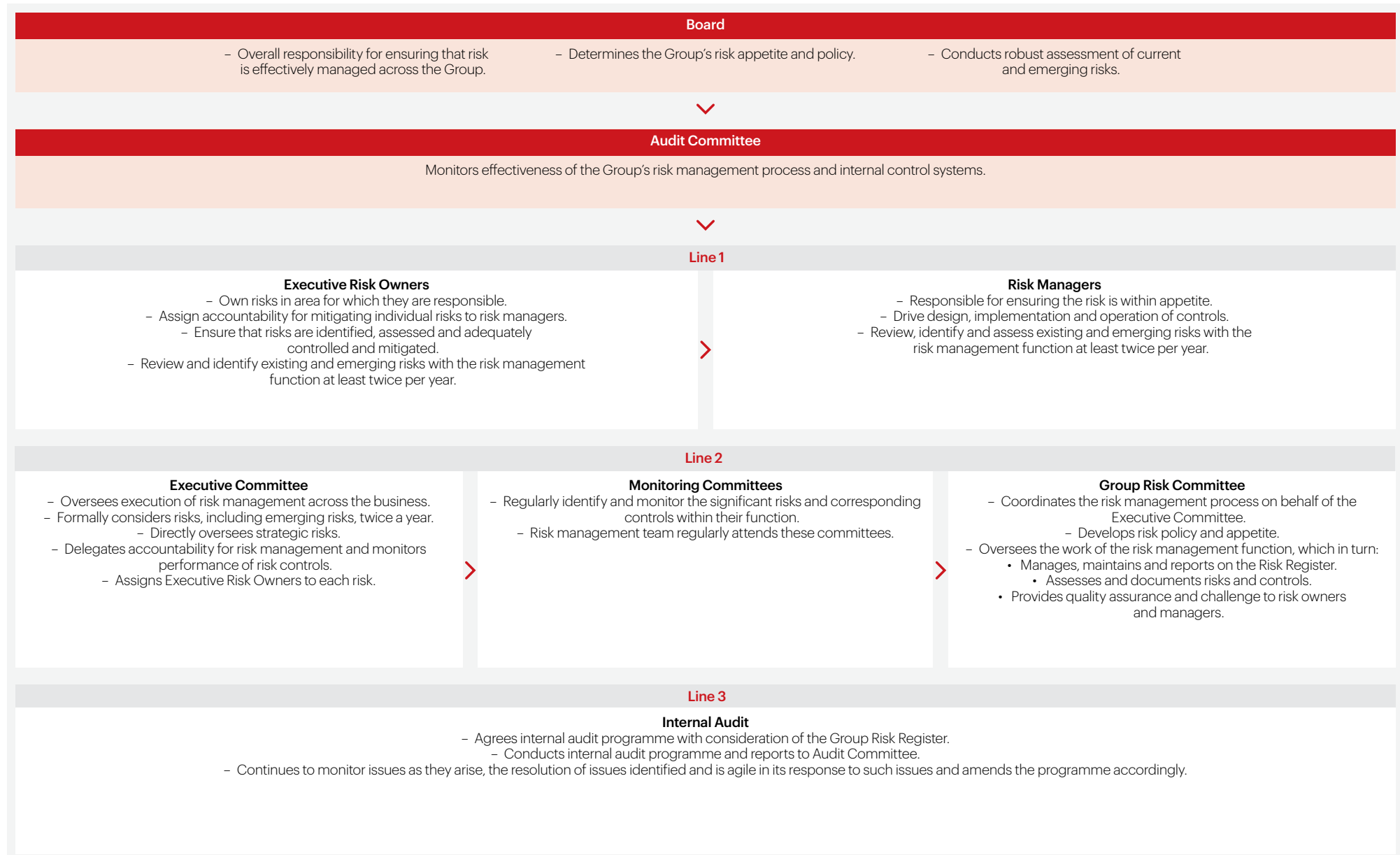


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1 SEGRO Logistics Park Poznań,
Komorniki

Managing risk continued

Our framework for risk governance



Principal risks

Principal risks and uncertainties

The principal risks have the potential to affect SEGRO's business materially. Risks are classified as 'principal' based on their potential to intolerably exceed our appetite (considering both inherent and residual impact) and cause material harm to the Group.

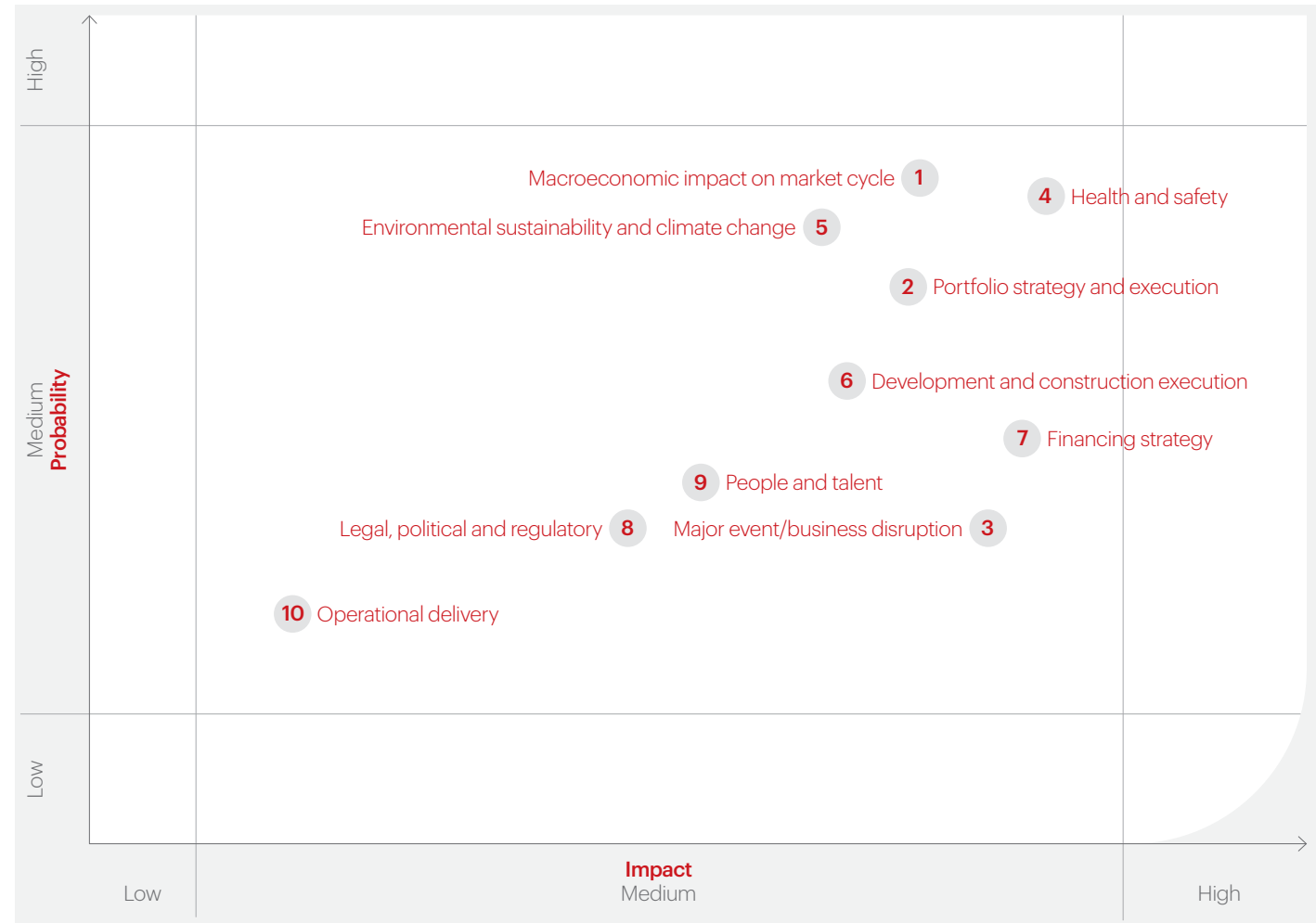
The principal risks are reviewed and amended to reflect changing knowledge, understanding and assessment. Some risks that may be unknown at present, as well as other risks that are currently regarded as immaterial and therefore not detailed here, could turn out to be material in the future. SEGRO records emerging risks which have yet to reach full maturity and the impact, probability and timing of the risks is difficult to quantify. SEGRO monitor emerging risks and considers whether an emerging risk should be recorded, instead, as a principal risk.

The current principal risks that the Group is aware that it is facing are summarised in the diagram and described on the following pages. The descriptions indicate the potential areas of impact on the Group's strategy; the time-horizon and probability of the risk; the principal activities that are in place to mitigate and manage such risks; the committees that provide second line of defence oversight; changes in the level of risk over the course of the year; and link to further relevant information in this report.

A summary of the Group's principal risks is provided below. Each risk includes commentary on current year activity but there is no material change to the structure or content of risks compared with what was reported in the 2023 Annual Report.

Risk heatmap

Residual 



Principal risks continued

1 Macroeconomic impact on market cycle Change in 2024:
No change

The property market is cyclical in nature and, therefore, there is a risk that the Group may misinterpret or fail to react appropriately to changes in the property market, cost of finance or broader macroeconomic and geopolitical conditions.

This misjudgement could lead to the adoption of an inappropriate strategy or hinder the execution of an existing strategy, ultimately affecting property performance and shareholder value.

Mitigations

The Executive Committee, Investment Committee, and ultimately the Board continuously monitor the property market cycle and adjust the Group's investment and divestment stance in response to both current and anticipated market conditions.

Multiple, diverse investment and occupier market intelligence is regularly reviewed and considered, both from internal 'on-the-ground' sources and from independent external sources.

Investment Committee papers incorporate both upside and downside scenarios to evaluate the impact of varying market conditions and to inform our portfolio strategy (see separate principal risk).



1 SEGRO Logistics Park Prague

Current year activity

The uncertain economic backdrop and elevated geopolitical risk was reflected in lower pre-let volumes in 2024. There are signs that the investment markets are improving as we enter a new phase of the market cycle.

In response, we have continued to perform thorough economic outlook assessments. We continue to mitigate our corporate risk through an appropriate financing strategy (see other principal risk) and ensure that the consequences for our portfolio strategy are appropriately aligned (see separate principal risk). This preparation enables us to withstand economic shocks and take advantage of market opportunities.

Link to strategy:
[Disciplined capital allocation;](#)
[Efficient capital and corporate structure](#)



Overseen by:
Executive Committee, Investment Committee

The market outlook is detailed in the Chief Executive's statement: **page 11**

2 Portfolio strategy and execution Change in 2024:
No change

The Group's Total Property and/or Shareholder Returns could underperform in absolute or relative terms as a result of an inappropriate portfolio strategy. This could be caused by:

- Incorrect or ineffective capital allocation decisions;
- Poor or incorrect market or asset level assumptions (see separate macroeconomic principal risk);
- Inaccurate modelling or forecasting;
- Lack of appropriate procedures and inadequate due diligence resulting in lengthy, onerous or costly transactions;
- Inaccuracy of data or failure of due diligence.

Mitigations

The Board regularly reviews the Group's portfolio strategy in order to consider the desired shape of the portfolio. The portfolio strategy should align with the Group's overall strategy and adapt to market conditions. Major capital investment and disposal decisions require Board approval. Policies are in place to govern investment activity.

Regular analysis ensures that the portfolio is optimally positioned in terms of location and asset type, maintaining the right balance between core and opportunity assets. The annual asset planning exercise provides a bottom-up assessment of the performance and potential for all existing assets, helping to determine where to invest capital and to identify assets for disposal. Investment hurdle rates are regularly reappraised taking into account estimates of our weighted average cost of capital.

Current year activity

The Group maintains a disciplined and responsive approach to portfolio management and capital allocation, as outlined in the Performance review section. We continuously review our portfolio and uphold appropriate investment criteria and hurdle rates to ensure resilience against macroeconomic uncertainty.

The Group's approach to capital allocation is informed by comprehensive asset plans and independent external assessments of market conditions and forecasts. Locally based property investment and operational teams provide market intelligence and utilise their networks to identify attractive opportunities. These teams are overseen by the UK and Continental European Heads of Investment.

Link to strategy:
[Disciplined capital allocation;](#)
[Operational excellence;](#)
[Efficient capital and corporate structure](#)



Overseen by:
Executive Committee, Investment Committee

Performance review: **page 35**

Principal risks continued

3 Major event/business disruption

Change in 2024: ▼ ○ ▲
No change

Unexpected global, regional or national events may result in severe adverse disruption to SEGRO, such as sustained asset value or revenue impairment, solvency or covenant stress, liquidity or business continuity challenges. A global event or business disruptor may include, but is not limited to, a global financial crisis, health pandemic, power/water shortages, weather-related event, war or civil unrest, acts of terrorism, cyber breach (either malicious or accidental) or other IT disruption. Events may be singular or cumulative, and lead to business disruption and impair the operating environment.

Mitigations

The Group ensures its resilience against a global event and business disruption through its financing strategy (see separate principal risk), diverse portfolio strategy (see separate principal risk), resilient work force and detailed business continuity and disaster recovery plans. Where appropriate, relevant insurance is procured and horizon scans help identify potential upcoming risk areas. The assessment of going concern and viability is conducted through a detailed, bottom-up, medium-term planning process including a business stress test and downside scenarios.

Specialist employees, overseen by our Technology Committee, ensure the resilience and security of our technology through controls, training, testing, and audits. We maintain robust processes and controls for business continuity and IT disaster recovery. Additionally, we use third-party experts to supplement our internal expertise when testing our resilience to cyber-attacks.

Current year activity

As geopolitical instability continues, it creates uncertainty for the Group's operations and stakeholders.

The Group maintains its robust financing and portfolio strategy, ensuring flexibility and preparedness for major events and business disruptions. The Board and other committees remain vigilant and responsive, actively managing risk mitigation as situations evolve.

The business continuity plan continues to operate successfully. The annual asset planning process reviews any areas of weakness in the portfolio with associated plans to rectify them.

Our cyber breach response plan was reviewed and we implemented an extended detection and response system and service to improve our speed and ability around detecting potential threats. We continue regular training and testing of employees and this year have increased content focusing on deepfakes and Artificial Intelligence.

Link to strategy:
Disciplined capital allocation;
Operational excellence



Overseen by:
Executive Committee, Technology Committee

The market outlook is detailed in the Chief Executive's statement: **page 11**



1 SEGRO Centre Paris Les Gobelins

2 Diebold Nixdorf, SEGRO Logistics Park Warsaw

Principal risks continued

4 Health and safety Change in 2024: No change

A health and safety incident may occur which involves harm to an individual or loss of life. This may be associated with the failure of safety management systems, failure of a building or other physical asset, or negligence of a third-party. Furthermore, the Group may breach relevant legislation or fail to provide suitable employee support. The consequence may be litigation, fines, serious reputational damage or a negative impact on employees.

Mitigations

A health and safety policy and management system is in place, and best practice is reviewed with the Health and Safety Working Group. The working group continuously monitors health and safety practices, including incidents, inspections, and training across the business. Legal guidance and additional support are provided by local health and safety consultants and lawyers, who offer regulatory assurance alongside our internal expertise.

Construction monitoring activities continue through our contracted external consultants in each country through in person development inspections, with SEGRO support. Incidents and inspections are tracked across the Group on a health and safety management system.



1 Health and safety visit at SEGRO assets in Madrid

SEGRO maintains a zero-tolerance approach to poor health and safety practices and collaborates closely with suppliers and health and safety consultants to enhance understanding and implementation of SEGRO's requirements.

SEGRO's health and safety management system is supported by site inspections of existing and potential new assets, as part of proactive management, and development project inspections in line with SEGRO's Health and Safety Construction Standard.

Current year activity

Employee training continues to be rolled out, virtually and in-person with our training partners. SEGRO has launched a new safety management system controlling safety procedures. The health and safety team have access to a legal register provided by a third party to ensure that SEGRO remain up to date on legislative changes and monitor future changes. Routine monthly health and safety reporting is in place to internal operational, technical and leadership teams and the health and safety team respond to feedback and experiences, as well as reviewing specific practices and controls where required.

Link to strategy: [Operational excellence; Responsible SEGRO](#)



Overseen by: **Executive Committee, Joint Operating Group**

Approach to Health and Safety: page 39

5 Environmental sustainability and climate change Change in 2024: No change

Failure to adequately anticipate and/or respond to the impact of climate change or lack of preparation for environmental risks following:

- Increased severity and unpredictability of weather-related events leading to more frequent damage to our buildings;
- Changes in laws, regulations, policies, taxation, and reporting requirements;
- Changes in social attitudes and customer requirements whereby SEGRO are required to alter the design and build of properties and/or energy provision to buildings and/or commitments to climate change mitigation initiatives.

These risks may result in financial cost to SEGRO, disruption to our customers, fines, fall in share price or negative reputational effect, reduced demand for our properties and reduce competitiveness.

Climate-related risks, their time horizon and their management and mitigation are detailed further on pages 68 to 69.

Mitigations

Championing low-carbon growth is one of our three Responsible SEGRO priorities. The Responsible SEGRO framework guides our efforts to reduce corporate and customer, and embodied carbon emissions, and is supported by our Mandatory Sustainability policy.

The sustainability team update the Executive Committee monthly and the Board annually. The Strategic Priorities Steering Group meets fortnightly and is tasked with aligning activities across the strategic priority areas, including Championing low-carbon growth.

Our Sustainability team supports group and local teams with data gathering and understanding legal and regulatory requirements, as well as sharing best practice and guidance from external advisors overseeing compliance with the Mandatory Sustainability Policy.

A climate resilience study has been conducted to evaluate the physical risks to our portfolio, detailed further on page 65.

Current year activity

Our Responsible SEGRO framework continues to outline our strategy to reduce our corporate and customer carbon emissions and embodied carbon. During the year we strengthened our internal governance approach by creating a taskforce, consisting of two members of the Executive Committee, a senior Finance Director and our Director, Sustainability to review our carbon reduction targets. We intend to maintain this governance taskforce to monitor progress. See page 73 for details of further actions during 2024.

We have appointed a Head of Sustainable Finance to support our compliance with the emerging EU non-financial reporting requirements. We continue to work with advisors on increasing disclosure requirements, allowing for more robust reporting and assurance processes. Environmental considerations are increasingly important in asset acquisition and disposal decision-making, developments and refurbishment decisions.

Link to strategy: [Responsible SEGRO](#)



Overseen by: **Executive Committee, Joint Operating Group**

Responsible SEGRO, Carbon Climate Related disclosures: page 21

Principal risks continued

6 Development and construction execution

Change in 2024:   
Increased

The Group has an extensive current programme and future pipeline of developments which brings the following risks:

- Above-appetite exposure to non-income producing assets, reducing returns;
- Below-appetite land holdings restricting opportunities;
- Poor land acquisition due diligence or over optimistic appraisal assumptions;
- Contractor default or poor performance leading to cost over-runs;
- Regulatory/legal breach associated with a health and safety incident, defect or deleterious materials in buildings.

This could result in increased costs and delays, reduced returns, reputational damage and fines.

Mitigations

We closely monitor our exposure to non-income producing assets (including land, infrastructure, and speculative developments), especially when acquisition decisions are being made by the Investment Committee. The Acquisition and Disposals policy sets out key stages of transactions and the authorisations required. Our development programme prioritises pre-let opportunities. We retain a high level of optionality in our future development programme, including land acquisition, and commitment to infrastructure and buildings.

The risk of cost overruns or supply chain issues is, at least in part, mitigated by using our experienced development teams and a panel of trusted advisors and contractors, and typically using fixed price contracts. Collaboration with contractors and ongoing communication helps to identify potential issues and possible solutions ahead of time.

The risk of contractor default is reduced by using a diverse group of companies which have been through a rigorous onboarding process and close monitoring of their financial strength. Short development lead-times allow for quick responses to changing market conditions.

Oversight is maintained internally by the Construction Steering Group which coordinates with the Health and Safety team to manage challenges such as defects or deleterious materials in buildings. Technical best practice in development is maintained via cross business forums. Additionally, the Partnership Development team engages with stakeholders as part of SEGRO's social responsibilities and supports planning processes.

Current year activity

Due to continuing variability in market conditions, we have maintained our stringent investment criteria. We carefully monitor the value of land holdings considering prevailing market conditions, looking for optionality where possible. We continue to partner with our contractors as we expect lump sum contracts may become harder to agree or will incur increased costs due to contractors accounting for additional risks. We monitor 'overspecification' of projects and investigate ways to drive best value from costs to ensure SEGRO is not at risk of becoming uncompetitive.




Link to strategy:
**Disciplined capital allocation;
Operational excellence**



Overseen by:
**Executive Committee, Investment Committee,
Joint Operating Group**

 Development update:
page 38

7 Financing strategy

Change in 2024:   
No change

The Group could suffer an acute liquidity or solvency crisis caused by a failure in design or execution of its financing strategy. Such an event may be caused by a number of factors including a failure to obtain debt or equity funding (for example, due to market disruption or rating downgrade); having an inappropriate debt structure (including leverage level, debt maturity, interest rate or currency exposure); poor forecasting; defaulting on loan agreements as a result of a breach of financial or other covenants; or counterparty default.

This could result in an inability for SEGRO to finance its growth strategy and financial loss or financial distress.

Mitigations

The Treasury Strategy is reviewed annually by the Board and the quarterly report is sent to the Executive Committee to ensure our key risk metrics are reviewed regularly. The Group's financing strategy is consistent with the Group's risk appetite, MTP and long-term business strategy. Our Treasury policy outlines key parameters and comprehensive controls to ensure effective execution of this strategy.

The Group periodically assesses its financing needs based on opportunities and market conditions and maintains long-term relationships with various finance providers.

Current year activity

The Group holds a significant presence in the euro bond, sterling bond and US private placement markets. SELP also holds a significant presence in the euro bond market.

This positions us well financially to support activities aligned with our strategic priorities. Furthermore, the Group continues to utilise fixed rate debt and pertinent derivatives to mitigate the risk of rising interest rates both currently and in the future.

We continue to be advised by our lending banks and corporate brokers that we can access all capital markets as demonstrated by the £907m equity raise in February 2024 and the €500m SEGRO bond in September 2024. Liquidity remains strong due to the facilities put in place and there is substantial headroom vs all our financial covenants.

Link to strategy:
Efficient capital and corporate structure



Overseen by:
Executive Committee



1 Slough Trading Estate

 Financial review:
page 44

Principal risks continued

8 Legal, political and regulatory

The Group could fail to comply with laws, regulations or governance obligations, which are applicable now, or may become applicable in the future. Such failures could lead to material litigation, censure, penalties and fines, as well as potentially significant reputational damage and loss of stakeholder confidence. It could also impact the Company's REIT and SIIC status and damage relationships with tax authorities.

Compliance with future new laws and/or regulations introduced by governments in the countries in which the Company operates could potentially impact the business and its ability to achieve its strategic objectives.

A lack of employee awareness of the obligations which apply to the Company, as well as its culture may lead to an increased risk of unethical, fraudulent and/or unacceptable behaviour including breaches of the Code of Business Conduct and Ethics.

Mitigations

Internal legal and company secretariat experts continue to monitor developments in the legal, governance and regulatory environment, together with their colleagues in the tax, health and safety and sustainability functions. The Company appoints well-respected and high-quality external advisers to help it manage and monitor this further, with Heads of functions regularly consulting with external advisers; attending relevant briefings; and participating as members of key bodies.

Compliance with joint venture agreements is handled by skilled legal, company secretariat, property, tax and finance colleagues. Comprehensive governance and compliance structures, including management manuals, are in place as required. The Company also closely monitors taxation regulations with advisers to promptly address any changes affecting the Group or its stakeholders. SEGRO's experienced internal tax team manages the Group's tax compliance, and REIT and SIIC compliance is reviewed bi-annually.

The Executive Committee regularly consider legal and regulatory risks and significant legal and regulatory updates or changes are communicated to the Board and Audit Committee as soon as appropriate.

Current year activity

The legal and regulatory environment remains dynamic with an ever-increasing number of new laws and regulations. Governments and regulators continue to take a more aggressive stance on enforcement, with private entities also increasingly looking to bring civil suits. A tender of the UK Real Estate Legal Panel was carried out in the second half of 2024 with an additional firm appointed to help manage legal risk further.



1 SEGRO London office

Change in 2024: ○ ▲
No change

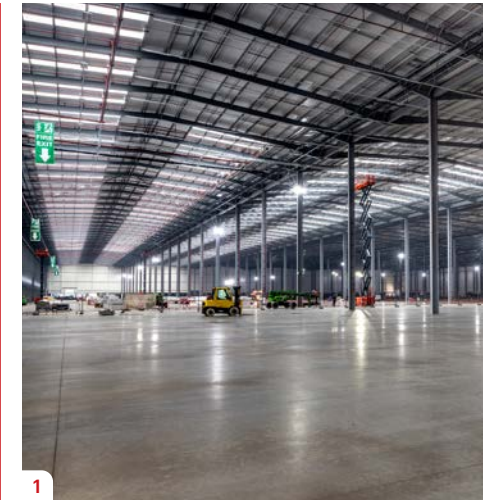
We continue to raise awareness of the obligations of employees set out in the Code of Business Conduct and Ethics, with all new employees required to carry out mandatory training and targeted training also being delivered where appropriate. All employees are required to confirm compliance with the Code of Business Conduct and Ethics each year, where they must also confirm that they are not aware of any breaches or inappropriate behaviour having taken place. The Company continued its supplier screening programme and supplier interviews where members of the Company's legal team talk to suppliers to ensure that appropriate and robust anti-bribery, corruption and fraud policies and procedures, as well as policies and procedures to prevent modern slavery occurring, are in place. The Supplier Code of Conduct also reinforces the behaviour expected from suppliers and those working for the Company. Further detail on the Code of Business Conduct and Ethics is on page 75 of the Governance Report.

Link to strategy:
Disciplined capital allocation;
Operational excellence;
Efficient capital and corporate structure

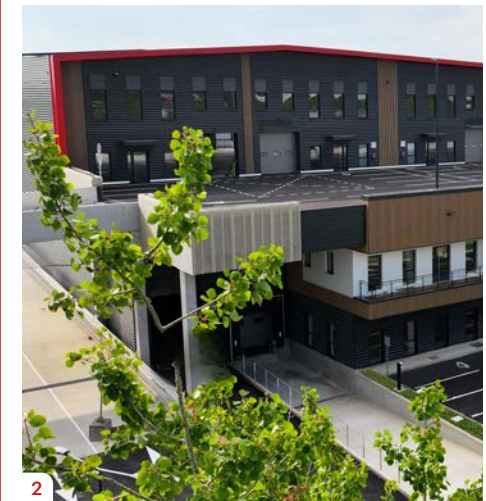


Overseen by:
Executive Committee

Our Governance Framework:
page 83



1




2

1 SEGRO Logistics Park Northampton

2 SEGRO Park Elancourt

Principal risks continued

9 People and talent

Change in 2024: 
No change

The performance of the business could be impaired due to SEGRO:

- Not having the appropriate culture, organisational structure, skilled people or resource levels;
- Failing to attract, motivate, retain and develop diverse talent as part of our Nurturing talent ambition;
- Failing to prepare adequate talent management or succession plans.

This could be caused by ineffective people policies and processes including recruitment and onboarding, organisational structure, talent management and succession, reward and recognition, learning and development, performance management, hybrid working practices or a lack of appropriate social policies.

Mitigations

Our goal is a sustainable business, inclusive and diverse, as outlined in our Responsible SEGRO framework. Succession planning and key person risk are reviewed at least annually with the Executive Committee and the Board. We review compensation annually with a third party to ensure appropriate salary ranges. We have various incentive tools which can be applied flexibly during the year to retain talented employees and these are reviewed by the Remuneration Committee. The hiring, appraisal, succession planning, and talent processes are regularly reviewed, and employee engagement surveys are conducted to understand employee sentiment.

Current year activity

After a period of reorganisation in 2023, the wider organisation is now more stable, with new teams established and a number of new hires to supplement our existing workforce, although headcount and costs are broadly flat.

Over the summer we completed a people planning exercise across the Company, to proactively plan for resourcing and development needs. This was led by individual Leadership Team members and culminated in a review of the organisation and talent/succession plans by the Executive Committee and Group Board.

We have progressed our Nurturing talent agenda with the introduction of an enhanced suite of family-friendly policies across the Group and launch of a new approach to performance management that further embeds our values and behaviours. We have also introduced new assessment and development tools deeper into the organisation and continued our focus on inclusion and diversity.


Link to strategy:
Operational excellence;
Efficient capital and corporate structure;
Responsible SEGRO



Overseen by:
Executive Committee

 Nurturing talent section:
page 28

10 Operational delivery

Change in 2024: 
No change

The Group may experience operational failures such as: increased level of customer defaults; supply chain disruptions; reporting failure or delay; fraud error or disruption of treasury operations; inaccurate or misleading valuation reporting; erroneous lease execution or inaccurate lease data; or poor customer insight and retention.

These issues could lead to various adverse effects, including reputational damage, regulatory censure or fines, additional and unplanned costs, reduced income and property valuation, illiquidity and missed opportunities reducing SEGRO's competitiveness.

Mitigations

The Group is dedicated to maintaining a high standard of operational excellence. The Executive Committee and Joint Operating Group consistently monitor various risks associated with property management, organisational effectiveness, and customer relations. Each operational area is supervised by a skilled central team and often local team members. We periodically review our policies and procedures to ensure their continued appropriateness and verify compliance through both internal and external audits. Additionally, we maintain sufficient insurance coverage across the Group.

We use reputable external experts to advise us and receive market insights. Our internal teams are also supported by bespoke tools to govern the process associated with operational delivery.

We ensure that our customer base is diverse and wherever possible, possesses financial stability, which we monitor closely along with customer concentration metrics. We undertake an annual customer satisfaction survey and conduct interviews with senior customer stakeholders to facilitate identification of key customer requirements.

Current year activity

We continue to cultivate close engagement with our customers as well as continually assessing the risks associated with customer concentration and monitoring and reporting customer covenant risk.

An automated letting recommendation application, which is a workflow tool, is now in place in all countries and is producing valuation management information. The SEGRO asset management application, another workflow tool, is in the process of being rolled out across the Group country-by-country and, together with the letting recommendation tool, increases efficiency, consistency and control. A customer insight tool has been rolled out across Group to maximise collaboration.

We collaborate with our supply chain and have reviewed key suppliers to ensure suitable alternatives are available if one fails. Critical suppliers include contractors and their sub-contractors (detailed more fully in the Development and Construction Execution risk) and IT suppliers. Additionally, we continue to ensure prompt payment to our suppliers.

Link to strategy:
Operational excellence;
Efficient capital and corporate structure



Overseen by:
Executive Committee, Joint Operating Group

 Performance review:
page 35

Viability statement

Confirmation of viability

The Directors have considered the Group's prospects, including reference to the Group's principal risks, to form the basis of our assessment of short-term and longer-term viability. The process for conducting this assessment is summarised in the Audit Committee's report on page 98.

The Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and has adequate resources to meet its liabilities as they fall due over the next five years.

The assessment of viability is split into short-term and longer-term time horizons.

Short-term assessment

The short-term assessment included consideration of our going concern assessment and a review of key controls around liquidity management.

Management regularly reviews the Group's liquidity position and operating results. In addition, key treasury metrics including financial covenants are reviewed by the Executive Committee on a quarterly basis.

Longer-term assessment

The period assessed for the longer term is the same five-year time horizon as covered by the Group's annual rolling five-year strategic financial plan. This is considered to be the optimum balance between our need to plan for the long term, and the progressively unreliable nature of forecasting in later years, particularly given the historically cyclical nature of the property industry.

The strategic financial plan comprises a five-year Medium-Term Plan (MTP) and an Asset Plan, within the context of macroeconomic and property market outlooks provided by external advisers and SEGRO expertise.

The central corporate team and each country or regional property team provide a forecast for revenue and costs for the business for the MTP and for total returns from each asset for the Asset Plan.

They also provide forecasts on potential development activity from the existing land bank, refurbishment of existing assets (including with regard to current and expected environmental legislation – see pages 64 to 71 for more detail on climate-related financial disclosure) and their expectations of acquisitions and disposals.

This process generates a five-year forecast for capital expenditure and associated funding requirements, net income, net asset values and cash flows. The Directors confirm that they have no reason to expect a step-change in the Group's viability immediately following the five-year period assessed.

In addition to the robust ongoing assessment and management of the risks facing the Group, as already set out in this section, the Group has stress tested the MTP. The stress tests consider the risks that could either individually, or in aggregate, threaten the viability of the Group, represented by the breach of key financial ratios and covenants. The risks are based on an individual event or combination of events occurring, using historic data (for example the acute property valuation decline in 2007–2009) and forward-looking probability analysis where available. The process for conducting the Group's assessment is the responsibility of the Chief Financial Officer and is overseen by the Audit Committee.

The main stress tests carried out in 2024, along with their potential impacts, were:

- **Zero market rental (ERV) growth throughout the period:** the main impacts are lower asset values and adjusted NAV throughout the period, with earnings growth reduced in later years.
- **A scenario where, in addition to the previous scenario, occupier demand for new space slows, manifested in reduced take-up of standing assets and development levels:** the main impacts are reduced earnings growth throughout the period (primarily from fewer development completions), while gearing levels benefit from lower capital expenditure.

- **A scenario where, in addition to the two previous scenarios, capital value decline, manifested through a 100bp increase in yields:** the main impacts are lower asset values throughout the period, causing leverage to rise.
- **Impact of rising interest rates, manifested in a reverse stress test to assess what level of interest rates would cause a covenant breach:** a rise of at least six percentage points in the Group's average interest rate across the period assuming current levels of fixed rate interest and protection from our interest rate caps.

Reverse stress testing was also undertaken over the period under review. None of the financial covenants were breached during the five-year period, with gearing remaining comfortably below 160 per cent and interest cover well above 1.25 times.

Property valuations would need to fall by around 54 per cent from their 31 December 2024 values to reach the gearing covenant threshold of 160 per cent. A 54 per cent fall in property values would equate to an LTV ratio of approximately 61 per cent. Net property rental income would need to fall by around 66 per cent from 2024 levels to reach the interest cover covenant threshold of 1.25 times.

Outside the MTP, the following viability risks were also considered:

- **A 10 per cent movement in foreign exchange rates:** due to long-term hedging arrangements in place foreign exchange movements are not considered a material risk to the Group's viability.
- **An inability to refinance maturing debt:** the nearest material refinancing requirement is in 2025 (SELP) and 2026 (SEGRO) so the risk to the Group's viability is towards the start of the period. We tend to refinance long-term debt around 12 months in advance of maturities and, should relationship bank lending, equity and bond markets be unavailable, options to raise liquidity include reductions in capital expenditure and increased asset disposals.

- **A sustained interruption to the Group's business continuity:** a qualitative assessment of SEGRO's ability to operate with compromised workspace and IT structure is carried out each year, with regular live scenario tests undertaken by key members of staff with the help of external advisers to ensure responses are rehearsed and mitigations are in place. No material threat to SEGRO's viability was identified.
- **Climate-related threats to the portfolio:** working with Savills Earth, we conducted a climate risk exposure study to assess the acute and chronic physical risks to our portfolio spanning a period from current day to 2100. Drought stress presents as the most significant emerging chronic hazard but with limited impact on our assets. Heat Stress and River Flood are other areas where there is an increase in risk exposure compared to baseline, but assets exposed to these hazards represent only 5 to 6 per cent of rental value. Therefore, we do not consider such risks to be a threat to the viability of the Group. Further information can be found on pages 65 and 66.

The scenarios set out are hypothetical and severe for the purpose of creating outcomes which have the ability to threaten the viability of the Group. We also note that, in the event of a severe threat to liquidity, various options are available to the Group to maintain viability. These options include reduction of any non-committed capital expenditure and acquisitions, selling assets, or reducing cash dividends (including the use of scrip dividends).

We are optimistic about the longer-term prospects of our business based on our prime, sustainable portfolio, high levels of occupancy let to a diverse range of customers on long average lease lengths, backed by strong balance sheet with long debt maturity and with well spread diversified refinancing requirements. These are supported by the long-term trends in the warehouse and industrial real estate sector of greater e-commerce penetration of retail sales, supply chain reconfiguration and increasing urbanisation across Europe.

Non-financial information and sustainability information statement

This table signposts related non-financial and sustainability information in this report and further reading on our website.

Reporting requirement	Policies	Website (www.SEGRO.com)	Reference in 2024 Annual Report	
1. Environmental matters	Mandatory Sustainability Policy	About – Policies Responsible SEGRO	Championing low-carbon growth	25–26
2. Climate-related financial disclosure requirements		Responsible SEGRO	Climate-related financial disclosures	64–71
3. Employees	Code of Business Conduct and Ethics	About – Policies	Suppliers	41
	Human Rights Policy	About – Policies	Governance	82
	Our Purpose and Values	Our Purpose – Our Values	Our business model and strategy	16–17
			Nurturing talent	28
			Governance	81
4. Human rights	Diversity and Inclusion Policy	About – Policies	Nurturing talent	28
	Group Health and Safety Policy	About – Policies	Performance review	39
	Human Rights Policy	About – Policies	Directors' Report	132
	Modern Slavery and Human Trafficking Statement	About – Slavery and Human Trafficking	Directors' Report	132
	Anti-Slavery and Human Trafficking Policy	About – Slavery and Human Trafficking		
5. Social	Modern Slavery and Labour Standards Supplier Code	About – Slavery and Human Trafficking	Suppliers	41
			Directors' Report	132
	Human Rights Policy	About – Policies	Directors' Report	132
	Group Health and Safety Policy	About – Policies	Performance review	39
	Supplier Code of Conduct	About – Policies	Suppliers	41
6. Anti-corruption and anti-bribery	Code of Business Conduct and Ethics	About – Policies	Nurturing talent	28
			Governance	82
7. Business model		About – Our Business	Our business model and strategy	16–17
8. Principal risks and uncertainties			Effective risk management	50–60
9. Non-financial key performance indicators		Investors – Investment Case – Non Financial Key Performance Indicators	Key Performance Indicators	32–33

Streamlined energy and carbon reporting

We are proud of the part that our buildings play in supporting our customers to achieve efficiencies and carbon reductions throughout their supply chain, and this is reflected in SEGRO's comprehensive approach to carbon management. SEGRO's Scope 1 and 2 emissions (our 'corporate' emissions – those covered by Streamlined Energy and Carbon Reporting) account for less than 1 per cent of our total (Scopes 1 to 3) carbon emissions.

Customer energy use in our buildings totalled 382,192 tonnes of CO₂e, equating to 52 per cent of total 2024 emissions and the carbon emissions related to the construction of new buildings (known as embodied carbon) represent a further 32 per cent. This is why SEGRO's two key carbon reduction metrics are our corporate and customer carbon intensity and our embodied carbon intensity.

In 2024, we have achieved a 4 per cent reduction in the embodied carbon intensity of our developments; our development teams and contractors have applied innovative approaches to materials and design to reduce the embodied carbon intensity of our buildings. Our corporate and customer carbon intensity saw an increase of 1 per cent, primarily driven by our success in bringing forward our data centre pipeline. However, this is in line with our new science-based net-zero target, and we will continue to work closely with all our customers to ensure they make good progress on that commitment. More of our customers are sharing their energy data with us than ever before, meaning we have actual data covering 87 per cent of our floor area (2023: 81 per cent) improving the accuracy of our emissions figures.

Streamlined energy and carbon reporting (SECR)

The SECR legislation only covers our corporate emissions which accounts for less than 1 per cent of SEGRO's total emissions. For our full Scopes 1 to 3 carbon footprint, and all of the metrics we are tracking on our path to net-zero carbon, please see our Responsible SEGRO Report.

In line with best practice, we report both a 'market-based' and 'location-based' figure for emissions from electricity consumption. The market-based approach incorporates SEGRO's move towards low-carbon energy tariffs on its controlled space (largely its SEGRO-occupied offices, SEGRO-managed common parts and vacant space), whereas the 'location-based' approach uses national grid averages (see the notes to the table below for more on location/market).

SLR Consulting provide limited independent assurance to ASAE3000.

Global SECR-relevant GHG emissions in metric tonnes CO₂e

Emissions from:	2024	2024 – UK	2024 – EU	2023*	2023 – UK*	2023 – EU*
Scope 1 emissions – combustion of fuels and refrigerant use	2,568	1,244	1,324	2,063	649	1,414
Scope 2 emissions – purchased energy (location-based)**	4,403	1,454	2,949	2,437	850	1,587
Scope 2 emissions – purchased energy (market-based)***	2,109	941	1,168	927	392	535
Scope 3 – Business Travel	108	48	60	138	46	92
Total SECR carbon emissions (location-based) tCO ₂ e	7,079	2,746	4,333	4,638	1,545	3,093
Responsible floor area sq m****	556,430	270,930	285,500	272,050	126,210	145,840
Carbon intensity (kgCO ₂ e/sq m) – location-based	12.7	10.2	15.2	17.0	12.2	21.2
Carbon intensity (kgCO ₂ e/sq m) – market-based	8.4	8.1	8.7	11.5	8.6	14.0
Total Energy Use (kWh)	27,613,988	13,445,448	14,168,540	17,915,075	8,311,200	9,603,875

- * All 2023 data above has been restated to bring our reporting in line with latest best practice reporting methodologies.
- ** The location-based approach to calculating Scope 2 emissions (emissions from electricity consumption) uses national grid average emissions factors which reflect the make-up of a country's electricity supply between fossil fuels and renewables. SECR legislation requires that a location-based figure be reported.
- *** The market-based approach to calculating Scope 2 emissions reflects the carbon intensity of the electricity tariffs procured by SEGRO.
- **** Responsible floor area includes common areas and space classified as vacant during the year, apportioned to the length of time the space was vacant

Reporting Methodology

The SECR figures above have been prepared in accordance with the GHG Protocol to discharge our regulatory obligation to report greenhouse gas emissions pursuant to section 7 of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report), and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018; the latter commonly referred to as Streamlined Energy and Carbon Reporting.

We report our data using an operational control approach to define our organisational boundary and have reported emissions following both the location-based and market-based approach, using the IEA residual emission factors for any energy tariffs that are not low-carbon.

We have chosen 'responsible floor area' as our intensity metric, which is all floor area with Scope 1 and 2 emissions in the reporting year, apportioned to the length of time the space was vacant.

'Total energy use' covers electricity, fuels (including transport fuels) and district heating converted to kWh units. Our Responsible SEGRO Report, and a detailed description of our methodology, can be found at [SEGRO.com/Responsible-SEGRO/reports-downloads](https://www.segro.com/Responsible-SEGRO/reports-downloads). The 2024 greenhouse gas emissions and energy use data above are for the period 1 January to 31 December 2024 (2023: 1 January to 31 December 2023).



For more details of the independent assurance see:
[SEGRO.com/Responsible-SEGRO/reports-downloads](https://www.segro.com/Responsible-SEGRO/reports-downloads)

Climate-related financial disclosures

As a leading owner, manager and developer of industrial and warehouse assets in Europe, our sustainability and financial strength is reliant upon an effective and rigorous risk management framework. Our properties span the UK and Continental Europe and are therefore exposed to a variety of effects from a changing climate. We believe that these climate-related risks, if unmitigated, present a threat to society as well as to our business operations and financial strength over the coming decades.

We have taken further steps towards our strategy to reduce the carbon intensity of our business through setting updated science-based reduction targets in our greenhouse gas (GHG) emissions, based on our latest plans and projections. We aim to reduce the embodied carbon intensity of our new buildings by 58 per cent, and our corporate and customer emissions intensity by 81 per cent, both by 2034 against an updated 2023 base line, established after having made considerable reductions against our original 2020 baseline. We also have 2050 net-zero targets in these two categories, which make up over 85 per cent of our total Scope 1, 2 and 3 GHG emissions. The reduction of embodied carbon in our developments can be influenced via engagement with our suppliers but we have limited control over emissions from customer activity in our assets. We seek to influence customer emissions through increasing our visibility of customer energy use, the adoption of 'green' lease clauses in new lettings, as well as the installation of on-site solar energy generation capacity.

There have been no material changes to the nature of the business over the past 12 months which would require a review to our baseline metrics or future targets.

We believe this disclosure is consistent with the recommendations and recommended disclosures of the Task Force on Climate related Financial Disclosures (TCFD), including the 'Guidance for All Sectors' and the specific guidance applicable to the 'Materials and Buildings' industry to the extent to which it is applicable to SEGRO's operations. It sets out how SEGRO incorporates climate-related risks and opportunities into governance, strategy, risk management, metrics and targets, and how we are responding to stakeholder expectations, national regulations and sector-wide best practice.

This is an area of constant evolution and we intend to continue improving the disclosure of our activity and performance. The material information and disclosure on climate impact is provided in this Annual Report but additional complementary information can be found in the 2024 Responsible SEGRO Report.

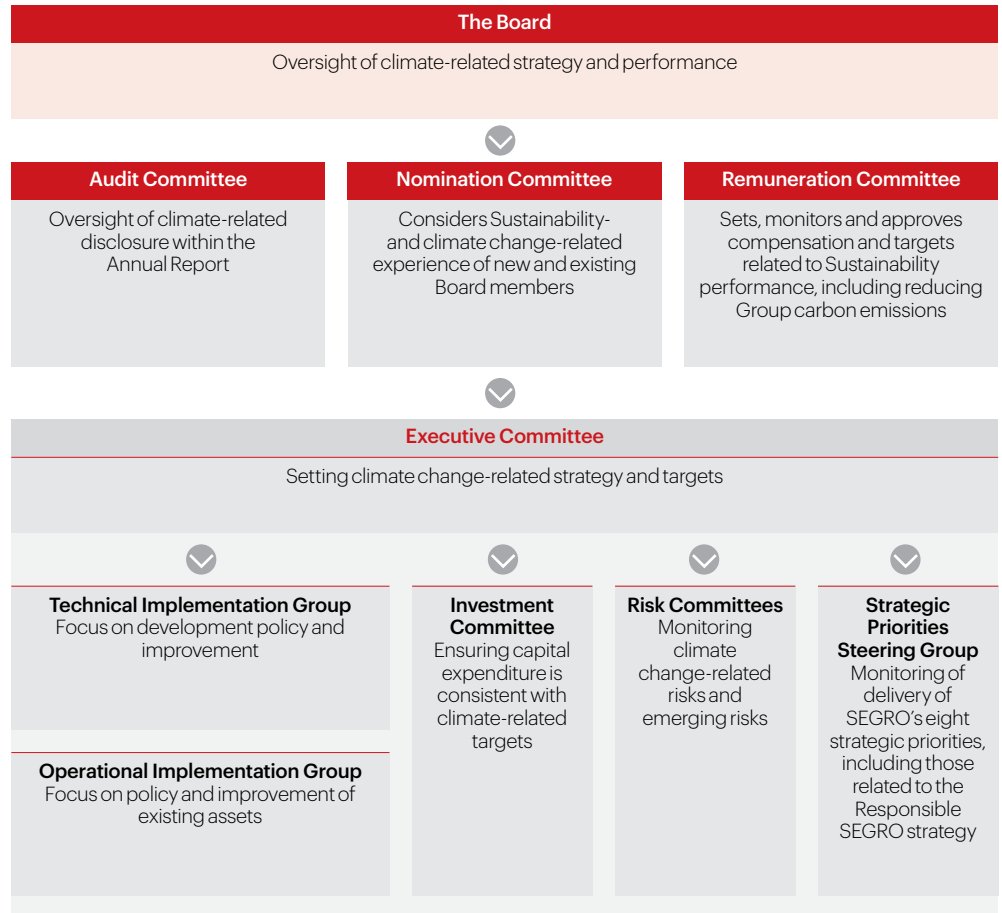
Governance

Governance plays a key contributing role to the effective delivery of strategy and SEGRO has a clear governance structure with a single Board comprising an independent Chair, six independent Non-Executive Directors and two Executive Directors.

Board oversight of climate-related risks and opportunities

The Board is responsible for setting the strategic direction of the Company to ensure its long-term success which includes the delivery and integration of its strategic priorities, including Responsible SEGRO, and their associated targets. Specifically, the Board has oversight of climate-related performance, risks and opportunities and takes into consideration all elements of Responsible SEGRO, including climate-related risks and opportunities, when reviewing and guiding on annual budget and long-term planning matters as well as major strategic and investment decisions.

Governance of climate-related risks and opportunities



Climate-related financial disclosures continued

The Board has access to advice relating to climate-related risks and opportunities from internal and external bodies including the in-house Sustainability Team, CBRE which values the portfolio, EcoAct Ltd as environmental consultants and SLR Consulting as providers of partial assurance of Group environmental data, among others.

The Chief Executive has overall responsibility for the Responsible SEGRO strategic priorities. The Group Customer and Operations Director is responsible for climate-related risks and opportunities as they may relate to the portfolio.

The table on page 64 outlines the ways in which Board and Management Committees provide oversight for SEGRO's climate change-related strategy and targets.

Governance: action during 2024

- The Executive Committee has approved a new set of GHG reduction targets;
- The Board received updates on progress against our Responsible SEGRO commitments, including reducing carbon emissions;
- The Audit Committee received training from the Commercial Finance Director, Head of Sustainable Finance and Director of Sustainability on upcoming sustainability reporting requirements from the European Commission and the progress SEGRO is making to introduce and integrate them throughout the business; and
- The Remuneration Committee approved the targets relating to the Responsible SEGRO annual bonus metrics for Executive Directors and all employees, including ones incentivising actions to reduce carbon emissions throughout the business.

Strategy

As a long-term property owner, we need to ensure that our buildings are fit for purpose for the future. One of the ways we do this is to build adaptable buildings, suited to more than one customer. This ensures a longer lifespan for the building as well as reducing the risk of vacancy and future refurbishment costs.

The Responsible SEGRO framework sets out how we integrate environmental and social considerations into our corporate strategy, including 'Championing low-carbon growth' which sets out our approach to reducing carbon emissions from our business activities. This commitment includes Scope 1 and 2 emissions and the material Scope 3 emissions which are Capital Goods (embodied carbon from completed developments) and Downstream Leased Assets (largely corporate emissions and those from customers occupying our buildings). See the Responsible SEGRO Report at www.Segro.com for a full breakdown of our Scope 1, 2 and 3 emissions.

Strategy: action during 2024

SEGRO completed a number of projects to mitigate climate-related transition risks:

- We updated our analysis of climate change physical risk, last carried out in 2022;
- We launched a new Energy Strategy for the business;
- We continued to invest in our existing portfolio, refurbishing older assets to improve their energy efficiency and carbon footprint and retrofitting solar PV arrays to standing assets to increase our on-site clean energy generating capacity; and

- We completed a project with external consultants to update and refine our Net-Zero Transition Plan, taking improved emission forecasting capabilities to inform a more accurate strategy and timeline for achieving net-zero. We also continue to work with external consultants to ensure that we comply with the requirements of the Corporate Sustainability Reporting Directive and EU Taxonomy comfortably before we become eligible to report them.

Identification of climate-related risks and opportunities over the short, medium and long term and their impact on SEGRO's business, strategy and financial planning

Materiality analysis of physical risk

In 2024, working with Savills Sustainability in conjunction with Munich Re, JBA and open-source data providers, SEGRO undertook a physical climate risk portfolio screening to assess the acute and chronic physical risks to our portfolio. Building on the first assessment carried out in 2022 and taking into consideration the latest climate data and analytical approaches, the analysis identified where there were significant exposures to physical climate risks at country, portfolio and estate level across a range of climate scenarios, both Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs), and over four time horizons out to 2100. The full report from Savills is available at www.SEGRO.com/Responsible-SEGRO/reports-downloads and more detail can be found in the 2024 Responsible SEGRO Report.

For this study, the physical risk from hazards under RCP 4.5/SSP 2-4.5 (3°C warming by 2100, the intermediate scenario) and RCP 8.5/SSP 5-8.5 (4–5°C warming by 2100, the high emission scenario) were modelled on 189 estates, covering over 99 per cent of our owned or managed floor area (at 100 per cent) and estimated rental value (ERV, based on SEGRO wholly-owned properties and its share of properties in joint ventures and associates). The outcome of this analysis for the 2050 time horizon is presented in the table on page 66.

In summary, the risks to the business from exposure to climate change-related hazards are not considered to have materially changed. Drought Stress, involving an extended period of water-deficit, presents as the most significant emerging chronic climate-related hazard across both RCP/SSP scenarios, with assets exposed to this hazard in the intermediate scenario representing 14 per cent of rental value (28 per cent in the high emissions scenario), focussed on our portfolio in Southern Europe, specifically in Italy, Spain and southern France. The main risks to buildings associated with lack of water are typically connected to fire-weather and heat stress, where high temperatures are experienced for an extended period, for which the portfolio's exposure to hazards is relatively lower at 1 per cent and 5 per cent respectively. Beyond these risks our portfolio has relatively limited vulnerability to drought stress, as our buildings are not inherently significant users of water with systemic water use restricted to plumbing and fire protection systems, maintained in line with local regulations. River Flood is the other area of potential vulnerability where there is an increase in risk exposure compared to baseline, but assets exposed to this hazard represent only 5 per cent of rental value in the intermediate scenario. 7 per cent of the portfolio, by rental value, is exposed to cold stress in the intermediate scenario, but this is lower than the current exposure meaning that the level of risk is expected to diminish over time.

Climate-related financial disclosures continued

Climate change physical exposure risk at asset level based on RCP 4.5/SSP 2-4.5 and RCP 8.5/SSP 5-8.5

Hazard	Metric	Scenario (RCP, Year)	Floorspace (at 100%)	ERV (at share)	Markets most affected
River Flood	1 in 100-year return period >0	RCP4.5, 2050 (Undefended)	5%	5%	Asset-specific, including London Airports, inland port assets (Hamburg, Gennevilliers)
		RCP8.5, 2050 (Undefended)	5%	6%	Asset-specific, including London Airports, inland port assets (Hamburg, Gennevilliers)
		RCP4.5, 2050 (Defended)	4%	4%	France, Poland, Germany, UK and Italy
		RCP8.5, 2050 (Defended)	4%	4%	France, Poland, Germany, UK and Italy
Storm surge	'Very High' Risk	SSP2-4.5, 2050 (Undefended)	3%	4%	Assets near coastal regions in UK, Germany and the Netherlands
		SSP5-8.5, 2050 (Undefended)	3%	4%	Assets near coastal regions in UK, Germany and the Netherlands
		SSP2-4.5, 2050 (Defended)	1%	3%	Assets near coastal regions in UK, Germany and the Netherlands
		SSP5-8.5, 2050 (Defended)	1%	3%	Assets near coastal regions in UK, Germany and the Netherlands
Precipitation Stress	'High' and 'Very High' Risk	SSP2-4.5, 2050	9%	4%	Northern Italy
		SSP5-8.5, 2050	9%	4%	Northern Italy
Drought Stress	'High' and 'Very High' Risk	SSP2-4.5, 2050	21%	14%	Primarily assets in Spain and southern regions of France and Italy
		SSP5-8.5, 2050	55%	28%	Primarily assets in Spain and southern regions of France and Italy
Heat Stress	'High' and 'Very High' Risk	SSP2-4.5, 2050	11%	5%	Southern France, Northern Italy and Spain
		SSP5-8.5, 2050	13%	6%	Southern France, Northern Italy and Spain
Cold Stress	'High' and 'Very High' Risk	SSP2-4.5, 2050	20%	7%	Southern and eastern Germany, Poland and Czech Republic
		SSP5-8.5, 2050	15%	5%	Southern and eastern Germany, Poland and Czech Republic
Fire Weather Stress	'High' and 'Very High' Risk	SSP2-4.5, 2050	3%	1%	Southern France and central Spain
		SSP5-8.5, 2050	3%	1%	Southern France and central Spain

The assessment report and data above do not consider any asset specific development or refurbishment mitigation cycles. As part of our sustainable development objectives, assessments are carried out prior to development and adaptation measures, including but not limited to those listed below, are carried out accordingly.

Risk	Adaptation Techniques
Drought Stress and Heat Stress (see R1 below)	<ul style="list-style-type: none"> - Rainwater harvesting systems for internal building use and landscaping - Thermal modelling undertaken and orientation/window positioning of the building reviewed, including external planting to provide shade, brise soleil, louvres, window tinting - Onsite renewable energy generation installed to manage additional cooling requirements
River Flood and Precipitation Stress (see R2 below)	<ul style="list-style-type: none"> - Flood risk assessment to be carried out on development or retrospectively - Sustainable urban drainage systems - Retention schemes - ponds/basins

Climate-related financial disclosures continued

Materiality analysis of transition risk

We work with our stakeholders (primarily our customers, suppliers and investors) and advisers (primarily our valuers and environmental consultants) to monitor, assess and prioritise emerging climate change transition risks. We judge materiality with reference to two main risks: the environmental and reputational risk of failing to meet our carbon emission reduction targets and the financial risk of building redundancy or being unable legally to lease our buildings.

We believe that there are three main climate change transition risks with the potential to impact the Group financially:

- **Environmental legislation:** legislation surrounding the sustainability performance of commercial and non-commercial real estate is likely to tighten in future as governments pursue their commitments under the Paris Agreement. We expect this to take the form of regulations but also increasingly some form of carbon tax (included Carbon Border Adjustment Mechanisms introduced by the EU and proposed by the UK) to encourage the use of lower carbon materials and processes. The primary financial risk relates to our ability to rent out our buildings if they fall below emerging environmental legislation. This drives our determination to improve the energy performance of our portfolio both in new development and through refurbishment, measured primarily by increasing the floorspace rated B or better by Energy Performance Certificates and reducing the energy and CO₂ intensity of our buildings.

- **Customer behaviours and preferences:** our customers, particularly our largest, international customers, increasingly expect their premises to display high levels of energy efficiency. Energy efficiency not only reduces the operating costs of the building but also helps them achieve their own environmental and carbon reduction targets. The primary financial risk relates to the appeal of our buildings to customers if they are below acceptable levels of energy efficiency and wider environmental sustainability. We are addressing this risk through improving the EPC ratings of our portfolio, increasing the amount of on-site renewable energy generation, and improving the sustainability credentials of our developments.
- **Access to capital:** investors are increasingly discriminating between investment opportunities based on sustainability credentials. The primary financial risk relates to reduced availability and higher cost of capital for companies which do not show strong performance and/or progress in this area.

Applying the analysis to strategic planning

In terms of decision making, we consider climate-related issues within the following time horizons:

- Short term: up to 12 months, in line with the budget setting carried out annually;
- Medium term: up to 5 years, in line with the Medium-Term Planning carried out annually;
- Long term: up to 10 years, in line with capital investment appraisal cash flows. We assume a 60-year life span for our newly-developed properties.

Given the relatively small element of the portfolio exposed to the physical risks, and the fact that our Southern European portfolio contains some of our newest buildings, we believe the overall financial risk to be immaterial and longer term.

However, as part of our active asset management and based on the scenario analysis work above, we continue monitor and analyse the asset-level risks and opportunities and their associated financial implications. Our exposure to transition risks is addressed by our response to energy efficiency regulations across our markets, as well our GHG emission reduction targets, both of which are embedded in our strategy.

Climate-related financial disclosures continued

Climate-related risks

Risk	Risk Horizon	Corporate Strategy	Financial Planning
R1 Chronic physical risk Rising temperatures (including extreme heat events)	Medium-term risks: – Greater investment in cooling measures inside and outside buildings – Higher operating costs for customers and SEGRO from increased cooling demand – Reduced wellbeing and productivity of workforce	Mitigations integrated into developments and refurbishments in properties in high-risk geographies, including water conservation through recycling of rain water and measures to reflect heat and improve shading externally.	Measures incorporated into financial appraisals of developments and refurbishments.
R2 Acute physical risk Flood and precipitation	Short-term risks: – Increased investment in drainage solutions and flood defences – Increased insurance, maintenance and repair costs from growing flood risk – Negative impact on asset valuations	All new investments (both acquisitions and developments) incorporate flood risk assessments. Measures taken to mitigate flood risk include rainwater recycling and landscaping to minimise run-off, and balancing pools to cater for run-off from hard-standing areas.	Measures incorporated into financial appraisals of acquisitions, refurbishments and developments. Valuers review assets for short-term physical risks as part of twice-yearly appraisals.
R3 Policy & legal transition risk Environmental legislation	Medium-term risks: In the UK, the MEES (Minimum Energy Efficiency Standard) regulations require buildings to achieve a certain standard of energy performance for them to be leased. At a high level, by 2030, properties will need to achieve a minimum Energy Performance Certificate rating of 'B' before they can be leased. Similar legislation is emerging across a number of our other markets. The aim of our corporate strategy is to be compliant with such legislation well in advance of the deadlines.	Properties which are unrated or have an EPC below B are expected to be upgraded when they become vacant (approximately 55 per cent of such buildings in the UK are expected to be vacated by 2030).	Capex associated with refurbishment, including improving energy efficiency, is factored into short-term budgets and the five-year Medium-Term Plan. The estimated cost to upgrade the UK estate to EPC rating 'B' or better is approximately £55 million by 2030, much of which will be absorbed within normal course of refurbishment capex. The figure has decreased primarily due to work carried out during 2023 to improve low-grade EPC premises to at least B-grade.
R4 Market transition risk Customer behaviours	Short- and medium-term risks: Customers expect to operate their properties efficiently. There is growing evidence of rental discount associated with buildings which display poor sustainability credentials.	New developments and refurbishments incorporate sustainability technologies suited to their use and location, including (but not limited to) solar panels (for customer use), electric vehicle charging facilities, low-carbon heating and initiatives to promote local biodiversity and worker wellbeing.	Capex associated with refurbishment, including improving energy efficiency, is factored into short-term budgets and the five-year Medium-Term Plan.
R5 Reputation transition risk Access to capital	Short- and medium-term risks: The Sustainable Finance Disclosure Regulation (SFDR) imposes mandatory ESG disclosure obligations for asset managers and other financial markets participants. The SFDR is supported by the EU Taxonomy regulation, imposing reporting requirements on non-financial companies.	We have established a Green Finance Framework which complies with International Capital Market Association and the Loan Market Association principles. The Framework sets out the investment criteria for deploying and allocating the proceeds of green finance instruments, including in energy efficient and low-carbon buildings. SEGRO will report as required against emerging EU non-financial reporting regulations.	When a decision is made to raise capital, consideration is given to whether the issue should fall under the Green Finance Framework (e.g. a Green Bond).

Climate-related opportunities

Opportunity	Risk Horizon	Corporate Strategy	Financial Planning
O1 Energy & fuel Onsite renewable energy generation	Short- and medium-term opportunity: revenue and zero-emission energy potential from installing PV panels on building roofs.	PV panels are installed on roofs where feasible and all new developments are constructed with roofs to support PV panels if a full array is not installed during construction. Energy saving from solar PV is an important element in creating net-zero carbon buildings on a full life basis.	The costs of solar panels are incorporated in new development and refurbishment capex. Revenues and cost savings, which are currently a small proportion of overall revenues, are split between being incorporated into rents and separately identified.

Climate-related financial disclosures continued

Risk management

Climate-related risks are identified and assessed using our risk management framework set out on page 54. Principal risks are defined as those which could intolerably exceed our risk appetite, considering both inherent and residual impact, and cause material harm to the Group.

Engagement with stakeholders

We engage with our stakeholders throughout the year on many different topics, although the subjects of climate change and the need to reduce corporate and customer GHG emissions have featured more prominently over the past year. More detail on our stakeholder engagement, including on climate-related matters, can be found on pages 18 to 20.

Identifying and assessing climate-related risks

Although climate change presents opportunities as well as risks for SEGRO, Climate Change is identified as a Principal Risk within Environmental Sustainability and Climate Change on the Risk Register. Climate-related risks are also considered within other principal risks including Political and Regulatory, Development plan execution and Major event/Business disruption.

For each risk, our Risk Register tracks:

- Description of the risk and the potential effects;
- Identifies the Executive Director with overall ownership and the Risk Manager responsible for monitoring and managing the risk;
- An annual probability and potential impact, to enable prioritisation;
- Mitigations in place as well as the owner of each mitigating action.

At the current time and based on asset-level scenario analysis, no material capital expenditure has been identified beyond normal course development and refurbishment costs associated with mitigating assets in high-risk locations against climate change-related risks. Such risks, and related capital expenditure, are considered as part of the annual asset planning process associated with the five-year Medium-Term Plan.

Managing and mitigating climate-related risks

Our process for recognising, monitoring and mitigating Principal Risks, including climate-related risks, is set out on page 57 of the Annual Report. The Board has overall responsibility for ensuring that risk is effectively and consistently managed across the Group.

The Audit Committee monitors the effectiveness of the Group's risk management process on behalf of the Board. In every year, the Audit Committee twice reviews the process of how the Group Risk Register has been compiled and the Board twice reviews the principal and emerging risks. The Board also reviews and approves the Group's risk appetite at least once every year.

In its Responsible SEGRO framework, SEGRO has committed itself to achieving science-based targets for reducing Scope 1, 2 and 3 emissions (including corporate and customer emissions) to ensure compliance with a less than 1.5°C increase in global temperatures. A key risk surrounding these targets is that we cannot be certain to achieve them given the lack of visibility and control relating to customers' energy use in our buildings and the embodied carbon emissions in developments. We believe that we have sufficient full or partial visibility to be able to provide sufficiently accurate information to be consistent with the TCFD's recommended disclosures and we are working hard to improve our visibility, and therefore accuracy, in this regard.

The Metrics and Targets section below provides details on how we monitor these risks and our progress over the past year.

Risk management: action during 2024

We have an established Mandatory Sustainability Policy and internal targets associated with not only reducing emissions but also working with our customers and supply chain to achieve greater visibility of those emissions. These targets are integrated within a Responsible SEGRO element of the bonus metrics throughout the organisation.

- Materiality: we finalised our Double Materiality Assessment (DMA) in line with the requirements of new European Commission (EC) reporting requirements. This assessment reviews not only the impact of SEGRO's economic activity on society and the environment but also the social and environmental risks and opportunities on SEGRO's financial position and performance. See pages 23 and 24;
- Sustainability Policy: In 2024, we made significant updates to the Mandatory Sustainability Policy including the addition of requirements and guidance to maximise alignment of new and existing buildings with the EU Taxonomy and restrictions on new gas installations for heating buildings. We will continue to keep the Policy under review and adjust and tighten it in response to emerging regulation and market norms to ensure that it is always in line with best-in-class practice;
- Reporting requirements: The new European reporting regulations establish a number of very specific requirements for buildings to be classed as 'sustainable'. Our development and asset management teams continue to engage with external consultants to align our policies with the new requirements.

Metrics and targets

To enable our stakeholders to consider and compare our reporting, we contribute to a number of externally-recognised benchmarks and disclose metrics in line with externally-recognised frameworks including Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI) and the EPRA Best Practices Recommendations on Sustainability Reporting. We will also report in line with new and evolving European Sustainability Reporting requirements which encompass disclosures from a number of these external frameworks.

In order to ensure that we also report on those issues that we can have a direct impact upon, we refer to our double-materiality assessment (pages 23 and 24), and identify the key associated metrics that are material to the business. Below are the climate-related metrics and targets which we monitor. Those in bold are incorporated into the Responsible SEGRO elements of the annual bonus of all employees.

There are no metrics specifically mapped to Risk 2 (flood), although Risks 1 and 2 are addressed in the Scenario analysis on page 66. We are monitoring and addressing the asset-level risks and opportunities but there is not yet a meaningful, measurable metric for these areas.

Climate-related financial disclosures continued

Financial	Climate-Related	Metric	2024	2023	Narrative	Associated risk or opportunity
Assets	Policy and Legal	Corporate and customer carbon intensity of the portfolio (based on the CO ₂ e emissions of the portfolio for which we have visibility of the data), in kgCO ₂ e/sq m of AUM (science-based target)	36.4	36.1*	Slightly increased by progression of data centre pipeline. Adjusted for data centres, there is a reduction of 4 per cent.	R3, R4, O1
		2023 baseline: 36.1kgCO ₂ e/sq m			* 2023 restated in line with our updated science based targets	
		2034 interim target: 6.9kgCO ₂ e/sq m (-81% vs baseline)				
		2050 target: net-zero				
		EPCs rated B or better (based on floorspace AUM)	76%	65%	Increase due to completions of energy efficient developments and refurbishment offset by disposals of recently developed buildings.	R3, R4
		EPCs rated below E (based on floorspace AUM)	1%	3%	Decrease reflects impact of disposals and developments.	R3
		Portfolio with high environmental certification (BREEAM Very Good or better (or equivalent)) based on floorspace AUM	51%	51%	Completions of developments offset by disposals.	R4, R5, O1
Assets	Risk Adaptation and Mitigation	Portfolio with high environmental certification (BREEAM Very Good or better (or equivalent) and/or EPC certificate of B or better (percentage of value at share) ('Green portfolio')	£10.0 billion (65%)	£9.2 billion (61%)	Comprising wholly-owned assets of £7.9 billion (2023: £7.0 billion) and assets held in joint ventures of £2.1 billion at share (2023: £2.2 billion).	R5
Expenditures	GHG Emissions	Visibility of customer emissions Percentage of portfolio space (sq m of AUM) for which we have energy data	87%	81%	Many customers are not obliged to disclose energy use data to us. Without it, however, we cannot accurately measure our corporate and customer emissions (approximately 54 per cent of our total Scope 1–3 emissions). Downstream Leased Assets GHG emissions. The increase reflects continued progress and negotiation with customers across our portfolio.	R1, R3, R4
		2024 interim target: 75% (minimum)				
		Corporate and customer emissions (Scope 1, 2 and 3 – Downstream Leased Assets) Tonnes CO ₂ -equivalent emissions (science-based target)	398,729	390,360	Incorporates Scope 1, 2 (market-based) and 3 (Downstream Leased Assets) emissions from the portfolio.	R3, R4, R5, O1, O3
		The SBTi launched a new 'Buildings' framework in 2024; as our existing targets were due for renewal, we have used his framework to set new net-zero targets in Corporate and Customer Carbon emissions intensity and Embodied Carbon emissions intensity, replacing our previous targets in absolute emissions.			The slight increase is driven by progression of data centre pipeline.	
					* 2023 restated in line with our updated science based targets.	

Climate-related financial disclosures continued

Financial	Climate-Related	Metric	2024	2023	Narrative	Associated risk or opportunity
		Embodied carbon intensity (based on Scope 3 Capital Goods) kgCO ₂ e/sq m of completed space (science-based target) 2023 baseline: 331 kgCO ₂ e/sq m 2034 target: 139 kgCO ₂ e/sq m (-58% vs baseline) 2050 target: net-zero	318	331*	This figure incorporates the results from 322,000 sq m of space completed in 2024. * 2023 restated in line with our updated Science Based Targets	R3, R4
		Internal carbon price (£ per tonne)	£100	£100	A carbon price is applied to capex relating to environmental improvements, particularly when considering the returns from retrofitting solar PV to existing assets.	R3, R4, O1
Revenues	Energy/Fuel	Onsite solar power capacity (based on AUM)	123MW	59 MW	64 MW capacity added during the calendar year (2023: 15 MW) as part of new development completions, retrofitting PV panels to existing buildings and acquisitions of buildings with PV.	R3, R4, O1
		Percentage of visible corporate and customer energy use from certified renewable sources	71%	65%*	Based on the portfolio for which we have visibility, and using estimates and assumptions on the residual element. This figure will fluctuate as we increase the visibility of our customers' energy use. We are working with our customers to improve this metric through increased use of certified renewable energy tariffs and renewable energy generated on-site. * restated for updated assumptions on data centre energy use	R3, O1

Governance

In this section we provide an overview of our corporate governance structure, policies and practices as well as the key activities undertaken by the Board and its Committees in ensuring effective leadership, oversight and application of best practice principles at SEGRO.

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Audit Committee



Our Audit Committee monitors the integrity of the Financial Statements, reviews internal controls and risk management systems, and oversees the internal and external audit processes.



Read more in the Audit Committee Report: **page 98**

Nomination Committee



Our Nomination Committee ensures that we have a balanced Board with the appropriate skills and experience to govern the business, and an effective succession plan.



Read more in the Nomination Committee Report: **page 91**

Remuneration Committee



Our Remuneration Committee determines the Remuneration Policy which aims to incentivise strong performance whilst avoiding excessive risk taking.



Read more in the Directors' Remuneration Report: **page 105** and Directors' Remuneration Policy: **page 123**

Chair's introduction to governance

Delivering our strategy

Andy Harrison
Chair



Read about our strategy on **page 16**

Find out more about Board changes during the year in the Nomination Committee Report on **page 91**

Dear shareholder,

As Chair of SEGRO, I am pleased to introduce our Board's Governance Report for 2024.

We have a long-established and robust governance framework, which continues to promote the long-term sustainable success of the Company.

Key activities of the Board in 2024

2024 has been another active year for the Board. We remain focused on delivering our well-established strategy in the context of the changing macroeconomic environment and occupier markets, keeping one eye on the horizon to ensure our decisions are mindful of the long-term impact on our stakeholders. The SEGRO Values and our governance framework are mutually reinforcing.

Equity placing

In March, we approved an equity placing which raised £907 million of gross proceeds to pursue additional growth opportunities and take advantage of potential acquisitions, which may arise, whilst maintaining a strong balance sheet.

Mindful of previous feedback from some of our shareholders, we launched a retail offer alongside the placing to enable retail shareholders to participate in the transaction.

Recommended offer for Tritax EuroBox plc

In September, we reached an agreement for a recommended all-share offer to acquire the entire share capital of Tritax EuroBox plc.

There was a subsequent competitive cash offer, to which we decided not to respond. Instead, in accordance with our focus on capital allocation and returns, we reached an agreement with the purchaser to acquire six high-quality properties in Germany and the Netherlands. Not surprisingly there were a number of ad hoc meetings as we navigated this transaction. Throughout we considered the potential impacts on SEGRO's stakeholders, as well as how the transaction fitted within our long-term strategy, our near-term plan and our goal 'to be the best property company'.

You can read more about these activities and other key Board decisions taken during the year on pages 84 and 85.

Board changes

As you will read in the Nomination Committee Report, we welcomed Marcus Sperber as an Independent Non-Executive Director on 1 May 2024. Marcus brings a wealth of experience, from both other Board appointments and the real estate industry. He has already proven himself to be a valuable addition through his insightful contributions to discussions in the boardroom.

You can read more about the process to appoint Marcus and his induction to the Board and the Company on page 97.

Please join me in welcoming Marcus to the Board.

Chair's introduction to governance continued



1

1 Shareholders at the 2024 AGM

External Board performance review

In accordance with the requirements of the UK Corporate Governance Code 2018 (the Code), the Board undertakes an external evaluation every three years. During the year, with support from the Senior Independent Director and the Company Secretary, I oversaw this year's external Board performance review which was led by Clare Chalmers. I am pleased to report that the review concluded that the Board and its Committees continue to operate effectively and perform well. You can read about the review process and the findings in more detail on pages 89 and 90.

Stakeholder engagement

The Board continues to be mindful of all our stakeholders in our decision making, and recognises our responsibility to wider society. On pages 84 to 88, you will find our Section 172 Statement and further information on how the Board has engaged with our six stakeholder groups throughout the year.

Each year, we write to our larger shareholders, offering them the opportunity to meet privately and discuss their thoughts on the Company and the wider market with myself, the Senior Independent Director and the Chairs of the Audit and Remuneration Committees.

In response, I met with some shareholders in early 2024 and appreciated the opportunity to gain insight into the matters which were important to them.

In addition, as Chair of the Remuneration Committee, Simon Fraser led an extensive consultation as part of the development of our updated Directors' Remuneration Policy, during which approximately 60 per cent of the share register, key proxy voting agencies and employees were invited to share their views. You can read more about this engagement in his Letter on page 105 and in the Remuneration Policy from page 123.

As always, we will continue to engage with shareholders to ensure an ongoing dialogue regarding our governance approach, and any feedback is shared with the Board as a whole.

Annual General Meeting (AGM)

On behalf of the Board, I would like to extend my thanks to those shareholders who joined us in April for the 2024 AGM, where our Chief Executive delivered a presentation on SEGRO's performance in 2023 and the early part of 2024. All shareholders received communications for the AGM at least 20 working days in advance of the meeting and were invited to ask questions, either in the room or by email in advance of the meeting. The other Directors and I were also available to meet with attendees informally, both before and after the meeting, and we look forward to doing so again at this year's AGM which will take place on 30 April 2025 at RSA House.

The Company proposes separate resolutions on each substantially separate issue, with voting conducted by a poll. At the 2024 AGM, 85 per cent of the issued share capital voted (2023: 80 per cent) and all the proposed resolutions were passed. Following the meeting, the results of votes lodged for and against each resolution were announced to the London Stock Exchange and published on our website.

In addition to the usual business at the 2025 AGM, we are seeking shareholder approval for the new Remuneration Policy as mentioned earlier in my Letter, with the current Policy having been approved in 2022 for three years, and an amendment to the rules of the Long Term Incentive Plan, which will allow us to implement the new Policy. Further information on the new Policy can be found on pages 123 to 131 and in the Notice of Meeting.

The Board believes that all resolutions proposed, including those highlighted above, are in the best interests of the Company and we hope we can count on shareholder support in passing them.

Martin Moore

Some of you may have heard the sad news about the death of Martin Moore at the end of last year.

Martin stepped down from the Board at the end of 2023 after serving nine years. He was an excellent Board member who made a great contribution during his tenure and will be sorely missed by all of us at SEGRO and the wider industry. We send our deepest condolences to Martin's family.

Thank you

Most importantly, I would like to extend my thanks to all our employees for their hard work and dedication to the Company during the year, as well as my fellow Board members for their valued insights and contributions.

Andy Harrison

Chair

Application of the UK Corporate Governance Code 2018

Statement of compliance

The UK Corporate Governance Code 2018 (the Code) is the key governance guidance to which we referred during the financial year to 31 December 2024. It can be found in full on the Financial Reporting Council's (FRC) website at www.frc.org.uk.

The Board considers that, throughout the year, it has complied with the Provisions of the Code in all respects.

Details on how we have complied with the Provisions and applied the Principles as set out in the Code are outlined in this Annual Report.

UK Corporate Governance Code 2024 (the 2024 Code)

The Board has considered the 2024 Code, which will largely apply for financial years starting on or after 1 January 2025, and reviewed our practices and procedures as required to ensure compliance.

Board leadership and Company purpose

A. An effective and entrepreneurial Board which promotes the long-term sustainable success of the Company	Pages 76 to 78
B. Alignment of our Purpose, Values, culture and strategy	Pages 8 and 9; 16 and 17; 29, and 81
C. Our Governance Framework	Page 83
D. Stakeholder engagement from the Board's perspective	Pages 84 to 88
E. Our people and alignment of our workforce policies to support our long-term success	Pages 18; 28; 82 and 88

Division of responsibilities

F. The role of the Chair	Page 83
G. Composition of the Board and Directors' independence.	Pages 91 to 96
H. Non-Executive Directors' external commitments and conflicts	Pages 76 to 78; 82; and 96
I. Effective and efficient functioning of the Board and Board resources	Pages 78; 82 and 83

Composition, succession and evaluation

J. Board appointment process and succession planning	Pages 94 and 97
K. Directors' skills, experience and knowledge	Pages 76 to 78; and 93
L. External Board performance review	Pages 89 and 90

Audit, risk and internal control

M. External and internal auditors and the integrity of the financial reporting process	Pages 100; 102 and 103
N. Fair, balanced and understandable review	Page 100; and 134
O. Internal controls and risk management processes	Page 104

Remuneration

P. Remuneration practices which are aligned to our Purpose and Values and support our strategy and long-term sustainable success	Pages 105 to 107; and 115
Q. Remuneration Policy	Pages 123 to 131
R. Exercise of independent judgement in respect of the 2024 performance outcomes	Pages 105 to 107; 111 and 112

Key Governance Statements

Financial risk

The Going Concern Statement is made on page 46.

Viability

The Viability Statement is made on page 61.

Further details of the Board's assessment of the viability of the Company are set out in the Audit Committee Report on page 100.

Principal Risks and Uncertainties

The Principal Risks and Uncertainties are set out on pages 54 to 60.

The Board has undertaken a robust review of the Group's principal and emerging risks, including those that would threaten its business model, future performance, solvency or liquidity and reputation.

The Board has monitored the Company's risk management and internal control systems and carried out a review of their effectiveness. Further details are set out in the Audit Committee Report on page 104.

Fair, Balanced and Understandable

The fair, balanced and understandable statement is made on page 134.

See the Audit Committee Report on page 100 for further information on how this conclusion was reached.

Section 172(1)

The Section 172(1) Statement is made on page 84 and provides cross-references to the required detail set out throughout this Annual Report.

Board leadership and Company purpose

Board of Directors

Our Board is made up of talented individuals, with a depth of commercial experience from a range of industries. This diversity of thought helps create an effective and entrepreneurial Board as each member has a fresh perspective to bring to discussions, supporting our ambition 'to be the best property company'.

Our Independent Non-Executive Directors bring independent judgement and scrutiny to the decisions taken by the Board. They monitor the success of management in delivering the agreed strategy within the risk appetite and control framework set by the Board and hold the Executive to account against these objectives.

Chair

Andy Harrison
Chair



Appointed: 1 April 2022
(Chair from 30 June 2022)

Skills and experience

Andy is an experienced Chair having held the position at Dunelm Group plc for over seven years. He is the former CEO of three large consumer facing organisations, Whitbread, easyJet and RAC, which all have strong service offerings. His leadership, business understanding and insights have proven to be valuable additions to the boardroom.

Contribution to SEGRO's long-term success

With over 35 years' experience serving on the boards of listed companies, during varying economic conditions, Andy is well qualified to lead SEGRO's Board to deliver our ambitious plans for profitable growth. His Board colleagues consider him to be an effective Chair, with his thoughtful leadership style facilitating an open and collaborative environment amongst the Directors which, in turn, encourages constructive challenge and debate.



See the Governance Framework on page 83 for the roles and responsibilities of the Chair, Chief Executive and Senior Independent Director

Executive Directors

David Sleath OBE
Chief Executive



Appointed: 1 January 2006
(Chief Executive from 28 April 2011;
Finance Director from 1 January 2006 to 28 April 2011)

Skills and experience

David has considerable board-level experience of listed companies and has extensive knowledge of the real estate, manufacturing and distribution sectors and the Company. His financial and general management experience has helped lead the successful design and implementation of the Company's strategy during his tenure as Chief Executive.

He is a Fellow of the Institute of Chartered Accountants in England and Wales.

Contribution to SEGRO's long-term success

As Finance Director, David was a key member of the management team which navigated SEGRO through the global financial crisis, swiftly followed by the acquisition of Brixton whose London-centric portfolio complemented and enhanced SEGRO's own. As Chief Executive, he initiated a wide-ranging strategic review in 2011 involving reshaping both the portfolio and the business, with a particular focus on culture, purpose and sustainability. This review laid the foundation for SEGRO to become the largest UK REIT and the only liquid means of investing in a pan-European urban and big box logistics portfolio. Outside SEGRO, his position as a Non-Executive Director at a global business-to-business distribution company provides valuable insight into the opportunities and challenges in this sector, while his involvement with the EPRA Board and the BPF ensures that SEGRO has a leadership position in two influential trade associations.

External appointments

- Senior Independent Director, RS Group plc*
- Board member, European Public Real Estate Association
- Chair, BPF Logistics Property Board and Member, BPF Policy Steering Group

Soumen Das
Chief Financial Officer



Appointed: 16 January 2017

Skills and experience

Soumen combines leadership of the finance functions with a wider contribution to the business through investment, insight and transformation and technology. He brings his extensive board-level experience and deep knowledge of capital markets to the Group, having been Chief Financial Officer of listed companies for 15 years and with a background as a corporate financier.

Contribution to SEGRO's long-term success

Since his arrival in 2017, Soumen has been responsible for driving the financial performance of SEGRO and managing a capital structure which is both efficient and appropriate for the different stages of the property cycle. In his role, he is also responsible for SEGRO's risk management, investment and technology strategies which are vital to SEGRO's future financial success and resilience.

He holds external positions which are also pertinent to his SEGRO role. His position as a Non-Executive Director at a major retailer provides valuable insight into the opportunities and challenges in a sector which comprises a material proportion of SEGRO's customer base. His Co-Chair role of the Parker Review into improving ethnic diversity on UK Boards gives him a unique perspective on diversity and inclusion to support SEGRO's actions and progress in this important area.

External appointments

- Non-Executive Director, NEXT plc*
- Co-Chair of the Parker Review

A Audit Committee member

N Nomination Committee member

R Remuneration Committee member

■ Chair of Committee

* denotes a publicly listed appointment

Board leadership and Company purpose continued

Independent Non-Executive Directors

Mary Barnard
 Independent
 Non-Executive
 Director

N R


Appointed: 1 March 2019
Skills and experience

Mary has extensive commercial and general management experience and a deep understanding of customer needs and trends through her various international roles in sales and marketing. She has a strong knowledge of the operation of the retail market and supply chain. In addition, she is currently leading a major global digital transformation, including implementing new digital technologies, data strategy and AI capabilities.

Contribution to SEGRO's long-term success

Mary has first-hand experience of international retail markets and customer trends, as well as the rapidly evolving digital and data trends, and often shares her observations at Board meetings which helps to set the scene on global market sentiment. This provides useful insight into some of the key drivers which may impact our customers, allowing the Board to be mindful of them in its decision making.

External appointments

- Executive Vice President, Business Transformation, Mondelez International Inc*

Sue Clayton
 Independent
 Non-Executive
 Director

A N R


Appointed: 1 June 2018
Skills and experience

Sue brings a wealth of property market knowledge to the Board, with over 30 years of experience in property investment markets, having worked in the UK commercial property market for her whole career. She is active in promoting diversity in the Real Estate industry including through her former role as the Chair of Women's Network at CBRE and as co-founder of Real Estate Balance.

Sue is a Fellow of the Royal Institute of Chartered Surveyors (FRICS).

Contribution to SEGRO's long-term success

Sue's real estate expertise brings an additional viewpoint to discussions on the industry, complementing the experience of the Executive Directors, and she also provides constructive challenge on the valuation of the property portfolio.

Her passion for promoting diversity in the Real Estate industry echoes the ambitions of the Company's Nurturing talent framework and both the Board and the Nomination Committee benefit from her insights on this important topic.

External appointments

- Senior Independent Non-Executive Director, Helical plc*
- Consultant, Blue Coast Capital

Carol Fairweather
 Senior
 Independent
 Non-Executive
 Director

A N R


Appointed: 1 January 2018

(Senior Independent Non-Executive Director from 1 July 2023)

Skills and experience

Carol has recent and relevant finance experience and brings commercial knowledge to the Board. Her prior experience as Chief Financial Officer of the retailer Burberry Group is valuable to the Company in her understanding of retail and digital commerce trends.

Carol is a Fellow of the Institute of Chartered Accountants in England and Wales.

Contribution to SEGRO's long-term success

Carol's financial expertise and understanding of the importance of good governance is integral to her role as Chair of the Audit Committee. Under her leadership, the Audit Committee provides comfort for our shareholders and other stakeholders by ensuring that there is robust oversight of the internal control framework and effective processes and controls in place to safeguard the integrity of the Financial Statements.

External appointments

- Non-Executive Director, Smurfit Westrock plc*

Simon Fraser
 Independent
 Non-Executive
 Director

A N R


Appointed: 1 May 2021
Skills and experience

Simon has extensive knowledge of working on remuneration committees, having previously chaired the remuneration committees at Derwent London and Lancashire Holdings. He is a former investment banker with a wealth of financial experience, having spent the majority of his career with Bank of America Merrill Lynch where he was appointed Managing Director and Co-Head of the Corporate Broking division in 2004.

Contribution to SEGRO's long-term success

Board discussions benefit from Simon's extensive knowledge of financial markets and his perspective has been particularly useful during this period of macroeconomic challenge.

He has led the Remuneration Committee in delivering an appropriate remuneration framework for Executive Directors and the wider workforce, which is designed with the views of our key stakeholders in mind, whilst also aligning with our Purpose and Values and aiming to promote the long-term sustainable success of the Company.

External appointments

- Senior Independent Non-Executive Director, St James's Place plc*

Board leadership and Company purpose continued

Independent Non-Executive Directors continued

Marcus Sperber
Independent
Non-Executive
Director


Appointed: 1 May 2024

Skills and experience

Having worked in the sector for over 30 years, Marcus brings with him vast experience of the real estate industry in both the UK and Continental Europe. He has held a number of senior executive roles throughout his career, including, most latterly, Managing Director and Head of Global Real Estate at BlackRock, and has served on a number of industry committees.

He is the Founder of NorthCroft Capital, a real estate investment and advisory business, where he provides strategic business advice to institutional capital and real estate businesses.

Marcus is a Fellow of the Royal Institution of Chartered Surveyors (FRICS).

Contribution to SEGRO's long-term success

Throughout his career, Marcus has experienced first-hand the varying economic cycles of the property sector, and this combined with his extensive real estate and investment knowledge more generally brings invaluable insight to Board discussions.

External appointments

- Founder, NorthCroft Capital
- Non-Executive Director, Cadillac Fairview (the Canadian pension plan OTPP's real estate arm)
- Non-Executive Director, Fiera Real Estate
- Non-Executive Director, Savills plc*
- Chair, Jewish Care (Registered Charity)

Linda Yueh CBE
Independent
Non-Executive
Director


Appointed: 1 May 2021

Skills and experience

Linda brings a broad range of skills to the Board, including robust commercial experience and a strong background in economics, as a Fellow in Economics at St Edmund Hall, Oxford University and Adjunct Professor of Economics at London Business School.

Contribution to SEGRO's long-term success

Linda regularly draws on her wealth of knowledge of international markets, the macroeconomic context, and global, economic trends, both past and present, to shape Board discussions. Her perspective helps the Board to keep one eye on the horizon by applying learnings from past trends to the current environment.

Through her role chairing a sustainability committee, she brings another perspective to the ESG considerations which are embedded in the Board's decision making and help guide our Responsible SEGRO strategy.

External appointments

- Non-Executive Director, Standard Chartered PLC*
- Non-Executive Director, Rentokil Initial plc*
- Chair, Baillie Gifford's The Schiehallion Fund Ltd*

Role of the Board

The Board's primary responsibility is to provide overall leadership of the Company and to promote its long-term sustainable success, generating value for shareholders and contributing to wider society.

It sets the Company's strategic aims and ensures that it operates within a framework of prudent and effective controls which enable risks to be assessed and managed. It makes certain that the necessary financial and human resources are in place for the Company to meet its objectives.

Further, the Board ensures that there is effective engagement with shareholders and other key stakeholders in order for the Directors to satisfy their obligations under section 172(1) of the Companies Act 2006, as detailed on page 84. The work of the Board complements, enhances and supports the work of the Executive Committee, in particular in respect of the Company's culture, and its Purpose and Values.

Effective and efficient functioning of the Board

During 2024, there were seven scheduled and four ad hoc Board meetings.

Each Director has committed to attend all scheduled Board and Committee meetings, and would not do so only in exceptional circumstances. This is kept under review to ensure that Directors are fulfilling their commitments to the Company. Similarly, every effort is made by Directors to attend ad hoc meetings. On the rare occasion that a Director cannot attend a meeting they are still provided with the papers in advance of the meeting and are given an opportunity to discuss them with the Chair or Chief Executive.

The Board has the flexibility to meet in person, by telephone or by video conference as the need arises or on an ad hoc basis.

Attendance at scheduled Board and Committee meetings

	Board	Audit Committee	Nomination Committee	Remuneration Committee	AGM
Mary Barnard ¹	7/7	-	2/2	2/3	1/1
Sue Clayton	7/7	3/3	2/2	3/3	1/1
Soumen Das	7/7	-	-	-	1/1
Carol Fairweather	7/7	3/3	2/2	3/3	1/1
Simon Fraser	7/7	3/3	2/2	3/3	1/1
Andy Harrison	7/7	-	2/2	-	1/1
David Sleath	7/7	-	-	-	1/1
Marcus Sperber ²	5/5	-	-	-	-
Linda Yueh	7/7	3/3	2/2	3/3	1/1
Total number of scheduled meetings in 2024	7	3	2	3	1

¹ Mary Barnard missed one meeting of the Remuneration Committee due to unforeseen personal circumstances.

² Marcus Sperber was appointed to the Board on 1 May 2024.

 Full details of each of the Directors' previous appointments can be found on the Company's website at: www.SEGRO.com/about/the-Board

Board leadership and Company purpose continued

Key activities of the Board in 2024

There is an approved Schedule of Matters Reserved for Decision by the Board which is reviewed periodically and available at www.SEGRO.com. The Board retains responsibility for the approval of certain matters which include:

- Group strategy;
- the annual budget;
- reviewing the Medium Term Plan;
- the financial structure;
- major capital expenditure including investments and disposals;
- approval of the Financial Statements;
- the dividend policy; and
- compliance with the Code.

Regular dialogue between the Chair, Chief Executive and Company Secretary helps ensure that the Board agendas contain the appropriate mix of: strategy; people and culture; financial; operational; and governance matters to enable it to effectively discharge its duties.

During 2024, the Board:

Strategy

- considered the strategy and agreed it remained appropriate;
- received regular updates from advisers, industry experts and employees to ensure that the Directors were kept up to date with market trends and implemented this knowledge in its decision making;
- reviewed the Group's investment stance, adapting the focus as necessary in response to the changes in the property cycle and wider investment market, and received updates on the status of the annual disposals programme;
- considered the Data Centre Strategy for the Group;
- approved the recommended offer for Tritax EuroBox plc and subsequently supported the acquisition of six assets from the ultimate purchaser by SELP; and
- reflected on the Energy Strategy for the business.

Financial

- approved the Half- and Full-Year Financial Statements and the Annual Report and Accounts;
- approved the 2023 final and 2024 interim dividends in line with the dividend policy;
- monitored liquidity through regular reviews of the cash flow position, committed capex and the development pipeline;
- received presentations from the Company's independent valuers, CBRE, and provided constructive challenge around the valuation process to gain comfort that it remained robust and appropriate;
- approved the equity placing and retail offer which raised £907 million of gross proceeds; and
- approved a €500 million senior unsecured bond issue for SEGRO plc and supported a €500 million senior unsecured bond issue for the SELP joint venture.

Operational

- approved significant transactions over £100 million, including the acquisition of a modern logistics estate in Eindhoven, the Netherlands, the option to purchase a brownfield site in Paris, France and the sale of SEGRO Victoria Industrial Estate, UK;
- monitored performance against the Company's zero-tolerance approach to health and safety breaches, and reviewed key findings and learnings from any incidents; and
- reviewed the results of the customer satisfaction survey to gain assurance that excellent customer service had been upheld, customer retention maximised and strong relationships maintained.

People and Culture

- reviewed the people strategy for retaining, developing and attracting the best talent across the organisation as a whole and continuing to drive diversity within the business;
- considered succession planning for the Board and senior management;
- heard how our Community Investment Plans had delivered positive impacts on employment, the local economy and the environment in the communities in which we operate; and
- continued the annual programme of workforce engagement sessions with Non-Executive Directors to gain a first-hand insight into the issues that matter most to our people.

Governance

- on the recommendation of the Nomination Committee, approved the appointment of Marcus Sperber as an Independent Non-Executive Director;
- ensured ongoing compliance with regulatory requirements, the Code and market best practice through robust governance procedures;
- reviewed and approved the principal risks and risk appetite of the Company;
- reviewed and approved the updated Terms of Reference for the Nomination and Remuneration Committees to reflect organisational changes and align with best practice;
- noted ongoing compliance with the Code of Business Conduct and Ethics including our Anti-Bribery and Corruption and Modern Slavery policies, and the process for raising serious concerns; and
- undertook an externally facilitated Board performance review.

The Directors value meeting and hearing from different people in the business who are close to the Company's markets and who can tell the Board what they are seeing and hearing on the ground, as well as from external sources who give a wider perspective on market trends. These sessions allow the Directors to gain insights from industry experts and provide the context for the Board to make strategic decisions about acquisitions, disposals and the development pipeline.


During the year, the Board heard from:


- members of the Executive Committee on their individual areas of responsibility and how they have delivered against the Group's strategy in each of these areas;


- the Head of Legal and Company Secretary on legal and governance matters;
- the Commercial Finance Director on the Group's liquidity position;
- the Strategic Insights Director on key structural drivers for the business;
- the Managing Director, Group Investment on market outlook, the investment stance and customer exposure across the Group;
- the Co-Heads of Italy and Head of National Markets on the Italian and National Markets businesses and portfolios;
- the Head of Strategic Growth on our Energy Strategy;
- the Head of Investor Relations and Commercial Finance Director on investor feedback;
- the Head of Insurance and Risk on the risk management process and key existing and emerging risks; and
- a number of senior managers from Group Investment, Group Data Centres, Customer Development, Customer Experience, Sustainability and Technology on their areas of expertise.

Directors receive accurate, timely and clear information on the matters to be considered through electronic Board packs, which are made available to the Directors in advance of a meeting.

During the external Board performance review process detailed further on page 89, the Non-Executive Directors commented positively on the quality of the papers received from the Company which set the scene for the Board meetings and signpost the important aspects for consideration. Everyone agreed that the Board meetings were well supported and effectively run, facilitating open discussion of the appropriate topics and focus areas.

 Our strategy can be found on [page 16](#) and you can read about the Board Strategy Event on [page 80](#)

 The Performance review is on [page 35](#) and the Financial review is on [page 44](#)

 Find out more about Nurturing talent on [page 28](#)

 Hear from SEGRO's Chair in his introduction to Governance on [page 73](#)

Board leadership and Company purpose continued

Board Strategy Event 2024

The Board recognises the value in taking the time to step away from the day-to-day agenda to focus on the bigger picture, and each year hosts a dedicated Strategy Event where they reflect on the key strategic themes and long-term focus for the business. In November 2024, along with the Executive Committee and the Company Secretary, they spent two days doing just that.

In preparation for the session, a full suite of papers covering a wide range of topics were shared with the Board to ensure the Directors were well-informed and to set the context for discussion. Several guest speakers, both internal experts and external advisers, were invited to share insights on their areas of expertise which further informed the conversation.

The Board was joined by:

- an economist from UBS, one of the Company's brokers, who shared his perspective and set the scene on the macro outlook;
- the Co-Head of Global Property Equities and Portfolio Manager at Janus Henderson, a major investor of REITs globally and a top 10 shareholder in SEGRO, who provided his perspective on the equity capital markets and SEGRO, and shared how his fund makes its investment decisions; and
- the Head of EMEA Logistics & Industrial and Retail Research and Head of Logistics & Industrial EMEA from Cushman and Wakefield, who provided their views on the industrial property market.

These presentations laid a valuable foundation for the discussions that followed.

The Strategic Insights Director presented an analysis on the key structural drivers for the business, following which the Managing Directors for the UK and Continental Europe, Managing Director, Group Investment and Commercial Finance Director provided a high-level overview of the annual portfolio review and outputs from the medium-term asset and financial planning processes.

At the end of the first day, and continuing the programme of stakeholder engagement, three customers from different sectors (Royal Mail, Amazon and Digital Realty) joined the Board for dinner where the Directors heard first-hand about the challenges and opportunities facing their businesses in the current market and about the customers' future plans and how the Company could partner with them further.

On the second day, the Group HR Director led a conversation on people planning and the strategy for retaining, attracting and developing the best talent whilst continuing the commitment to drive diversity within the business, and the Chief of Staff updated the Board on the SELP joint venture and Data Centres.

Finally, the Strategy Event concluded with a free form discussion where the Board reflected on the key takeaways from the sessions and how these could support our long-term ambition 'to be the best property company' whilst navigating the near-term challenges.

At the conclusion of the Strategy Event, the Board confirmed it remained comfortable that the strategic direction of the business continued to be appropriate and agreed it was supportive of the priorities identified by the Executive team for the coming year.



1



2

1 Board visit to Milan

2 SEGRO Logistics Park East Midlands Gateway

Board leadership and Company purpose continued

Purpose, Values and Culture

How the Board lives our Purpose and Values

We are proud of our Purpose – to create the space that enables extraordinary things to happen – and our five Values which support our culture and align with our strategy. They are well embedded in the business and form the basis of our workforce policies. They help to unify employees and describe the core beliefs about how SEGRO does business, acting as a universal language across our business and the countries in which we operate.

It is essential that the Directors lead by example and embody the Values. Executive Directors, being more visible leaders around the business, help to set the tone.

Consistent feedback from the recent Board performance reviews demonstrate that all Directors feel they can contribute, speak freely and are not constrained in the boardroom. The Chair encourages open debate and no one individual dominates the discussion. The seasoned relationships between the Board members mean that they are comfortable to say it like it is, whilst their diverse backgrounds and well-balanced experience bring varying perspectives to Board discussions, and the regular refreshing of appointments ensures a fresh perspective and challenge. Together, this fosters a supportive environment which promotes true diversity of thought and constructive challenge.

We have a unifying set of Values that drive our culture. When the Directors are together, they live the Values as follows:

Say it like it is

The Directors are honest and transparent in dealings with each other and those who interact with them both inside and outside of the boardroom. The Chair encourages constructive debate and challenge during meetings.

Stand side by side

The Non-Executive Directors bring to the Board their wide-ranging and extensive knowledge and experience from other businesses. The Directors are supportive and take collective responsibility for decisions.

Keep one eye on the horizon

The Directors look to the long term in their decision making. They want to understand future trends and how the Company can use them for the benefit of all of our stakeholders in the short, medium and longer term.

If the door is closed...

The Non-Executive Directors support the Executive Directors to find solutions to more complex issues and provide assistance where difficult judgement calls and decisions need to be made.

Does it make the boat go faster?

The Directors look at different ways of working to create effective relationships and discuss regularly where they can best add value.

How the Board manages and monitors our culture

The Board believes that our culture can be defined by:

- a strong desire to create a successful business we can be proud of;
- trust and strong professional integrity – we deliver on promises;
- pragmatism – a ‘sleeves up’ approach regardless of status;
- thoughtful, detailed and measured decision making;
- respect and transparency; and
- caring about people and taking an interest in their wellbeing.

The Board continues to monitor the culture of the Company through indicators which serve as a temperature check. They consider:

- the results of the annual employee engagement survey ‘Your Say’;
- feedback from the workforce engagement sessions led by the Non-Executive Directors;
- internal audit reports;
- data on employee turnover;
- feedback from office and site visits by Executive Directors and the Board as a whole;
- any whistleblowing incidents;
- any health and safety incidents;
- any breaches of the Code of Business Conduct and Ethics; and
- the results of the annual Customer Satisfaction surveys.

Outcome

The Board considers that, on the whole, there is a strong culture at SEGRO of which our employees are proud. During the most recent Your Say survey, 95 per cent of employees said that they understood SEGRO’s Purpose, Values and behaviours and 87 per cent said they felt proud to work at SEGRO.

Board leadership and Company purpose continued

Promoting long-term sustainable success

SEGRO's principal duty is to deliver lasting, sustainable success and generate value for shareholders and other investors, whilst being mindful of our impact on stakeholders and wider society. The Board facilitates this through robust governance processes and by ensuring that effective risk management is in place, against which key decisions are made on behalf of the Company.

SEGRO performed well during 2024. The long-term structural drivers at play in the industrial and logistics sector and its prime portfolio of modern, sustainable warehouses in the most supply-constrained markets, helped to support occupier demand despite the macroeconomic environment. The Group contracted £91 million of new headline rent, through capturing reversion and growing rents on the existing portfolio and also completed 374,700 sq m of new space, capable of delivering £37 million of new headline rent. This activity resulted in further growth in earnings and resulted in the Board recommending an increase in dividend for our shareholders.

The Board was also pleased to hear about the progress that has been made against the Responsible SEGRO targets during the year, as detailed further on pages 21 to 28.

Looking ahead, the combination of new rental income from the development programme, and the benefits of active asset management of our existing portfolio, a key strategic area for the business, should enable us to drive sustainable growth in both earnings and dividends. The Chief Executive's statement on pages 11 to 15, along with the Financial review on pages 44 to 49, set out in much more detail our strategy and the reasons why we are confident in the long-term prospects for our business.

Investing for the long term

Since the Company's principal duty is to deliver long-term success, much of the Board's decision making is focused around ensuring that the Company is sustainable in the long term.

- Each year, the Board considers our Medium Term Plan, which assesses the opportunities and risks for the Company over the following five years, and forms the basis of our Viability Statement.
- At the annual Strategy Event, the Board takes time to consider the long-term strategy of the business, incorporating presentations and discussions on longer-term opportunities and threats to the business.
- Throughout the year, the Board has overall responsibility for the Company's approach to risk and ensures that risk is effectively and consistently managed. It reviews the measures in place to mitigate the near- and longer-term risks (including emerging risks) to the business.

Real estate is inherently a long-term industry and the Board therefore takes this into consideration in all its decision making. In the Chief Executive's statement on page 11, you can read more about how we have adapted our long-held strategy to respond to the current environment.

Identifying and managing conflicts of interest

The Board operates a policy to identify and, when appropriate, manage actual or potential conflicts of interest affecting Directors. Prior to taking on any additional external commitments, Directors are required to submit any actual or potential conflicts of interest they may have with the Company to the Chair or Senior Independent Director for approval. Any conflicts of interest are recorded and approved by the Board at each meeting. Directors have a duty to keep the Board updated about any changes to these conflicts.

Effective controls and necessary resources

The Board has a responsibility to ensure that appropriate controls and resources are in place to enable the Company to achieve its long-term goals.

As detailed on page 79 there is a Schedule of Matters Reserved for Decision by the Board, which is available to view at www.SEGRO.com.

You can read about the Company's approach to risk and risk management on pages 50 to 53, whilst page 104 contains further details about the Audit Committee's role in ensuring that robust processes have been put in place to ensure risks are identified, evaluated and managed. The Board regularly discusses the Company's principal risks, along with new and emerging risks, and considers how they may impact on our long-term goals.

The Board is ever mindful of the need to balance the pursuit of opportunities without taking unacceptable or excessive risk and ensures that the Company has the appropriate resources, in terms of time, people and funding to do so.

Code of Business Conduct and Ethics

The Board takes an active interest in ensuring that appropriate policies and practices are in place, consistent with the Company's Purpose and Values. One such policy is our Code of Business Conduct and Ethics (Code of Ethics) which is core to the way in which our business is run, the work we do, and to our reputation.

The Code of Ethics sets out the high ethical standards expected of all our people in their daily work to enable us to act with honesty and integrity. The Code of Ethics covers various policies on a wide range of activities and any breaches are thoroughly investigated with appropriate action taken. The Board receives regular reports on compliance with the Code of Ethics and the Company's policy on whistleblowing, which sets out the procedure by which employees and any third parties can use a confidential external service to raise concerns. During the year, the Company received a whistleblowing allegation through Safecall, its independent whistleblowing service, which, following a thorough investigation, was found to be unsubstantiated, and was therefore closed.

The Code of Ethics also sets out our approach to the human rights of all our stakeholders. Our due diligence to combat slavery and human trafficking is set out in our Modern Slavery Statement which is approved by the Board each year and is on our website at www.SEGRO.com. See page 132.

Our Supplier Code of Conduct ensures that all suppliers adhere to high ethical standards and reinforces SEGRO's commitment to operating our business in an ethical and honest way.

The Audit Committee is responsible for ensuring that appropriate safeguards are in place for the detection of fraud and prevention of bribery, including overseeing and monitoring the Group's anti-bribery and corruption policies and procedures. See page 104.

 See the Chief Executive's statement on **page 11**

 Find out more about our approach to risk and risk management on **page 50**

 The Audit Committee Report can be found on **page 98**

Division of responsibilities

The division of responsibilities of the Chair, Chief Executive and Senior Independent Director are clearly established in writing and approved by the Board.

Chair

The Chair is responsible for the leadership of the Board and its overall effectiveness in directing the Company and promoting an open environment for challenge and debate. He encourages participation by all the Directors, facilitates constructive relations and creates the right atmosphere to promote a culture of open discussion and effective decision making.

Along with the other Non-Executive Directors, he is responsible for holding the Executives to account against agreed objectives.

Chief Executive

The Chief Executive recommends the Group's strategy to the Board and is responsible for its implementation and for the Group's overall performance. He ensures that the interests of the Group's stakeholders are taken into account with regards to the long-term impact of the Board's decisions.

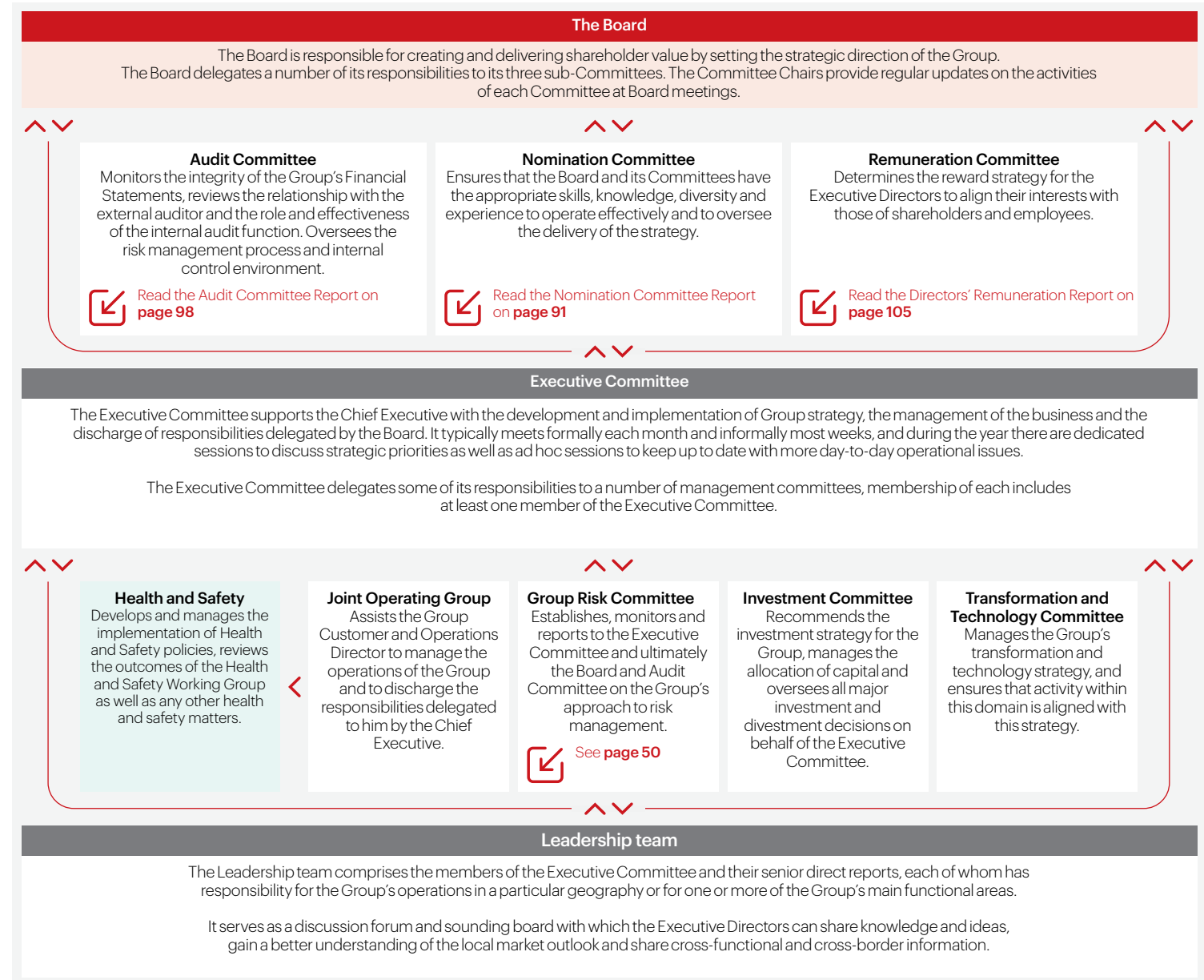
Senior Independent Director

The Senior Independent Director acts as a sounding board for the Chair and serves as an intermediary for Directors and shareholders should communication through the normal channels fail. She leads the appraisal of the Chair's performance each year and would, as required, chair the Nomination Committee when it considers his succession.

Availability of the Chair, Chief Executive and the Company Secretary

The Chair, the Chief Executive and the Company Secretary are always available for the Directors to discuss any issues concerning Board meetings or other matters. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring compliance with Board procedures. Directors also have the right to seek independent professional advice at the Company's reasonable expense should they so wish.

Our Governance Framework



Stakeholders

Stakeholder engagement from the Board's perspective

Section 172(1) Statement

The Board confirms that during the year ended 31 December 2024 it has acted in the way it considers, in good faith, would be most likely to promote the long-term success of the Company for the benefit of its members as a whole whilst having due regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 (s172).

Each of the Directors are mindful of their duties under s172 to run the Company for the benefit of its shareholders, and in doing so, to take into account the long-term impact of any decisions on stakeholder relationships and the impact of the Company's activities on the environment, whilst maintaining its reputation for high standards of business conduct at all times. The Company cannot operate in a vacuum. We can only succeed if we conduct ourselves in a responsible manner and have positive relationships with all of our stakeholders.

How the Board considers s172 matters

The Directors engage directly with as many stakeholders as they can but given the number spread across multiple geographies, stakeholder engagement often takes place at the operational level, see pages 18 to 20.

In this section we explain how the Board has engaged with our stakeholders and how that engagement has influenced their decision making.

When making decisions which impact our key stakeholders the Board considers the factors set out in s172, including:

A	the likely consequences of any decision in the long term;	Pages 2; 4; 15 to 17; and 82
B	the interest of the Company's employees;	Pages 18; 28; 88; and 116 and 117
C	the need to foster the Company's business relationships with suppliers,	Pages 19; 27; 41; 87; and 132
D	the impact of the Company's operations on the community and the environment;	Pages 21 to 29; 63 to 71; 86; and 88
E	the desirability of the Company maintaining a reputation of high standards of business conduct; and	Pages 50 to 53; 81; 82; and 99
F	the need to act fairly as between members of the Company.	Pages 16 and 17; 20; 40 to 49; 84 and 87

Key Board decisions in 2024

Equity placing and retail offer

The Board approved the launch of an equity placing with the aim of raising approximately £800 million gross proceeds through the issue of new shares in the Company, in order to pursue additional growth opportunities, including new and existing development projects and to take advantage of potential acquisition opportunities, whilst maintaining a strong balance sheet.

The placing was accompanied by a separate retail offer which enabled UK-based retail shareholders to participate in the equity raise and acquire additional shares in SEGRO at the placing price.

In light of the strong demand from both existing and new investors following the launch, the Board Committee then took the decision to increase the size of the planned equity raise and, in aggregate, the equity placing and retail offer successfully raised gross proceeds of £907 million and comprised the issue of 110,585,366 new shares at 820 pence per share.

Prior to the placing a number of larger shareholders were consulted and the principles of pre-emption were respected throughout the allocation process.

In considering the options available to raise additional capital the Board considered many factors including external market conditions and the risk of them impacting the share price. It was also mindful of previous feedback from a small number of shareholders who were disappointed in being unable to participate in previous similar placings. The Board believes that this approach was in the best interests of all our shareholders.

Impacted stakeholders

Investors
Employees

s172 factor considered

A E F

Link to our strategy

– [Efficient capital & corporate structure](#)

Stakeholders continued

Key Board decisions in 2024 continued

Recommended offer for Tritax EuroBox plc

In September 2024 the Company announced that it had reached an agreement with the Board of Tritax EuroBox plc (Tritax EuroBox) on the terms of a recommended all-share offer for the entire issued share capital of Tritax EuroBox. The Board considered this to be a compelling offer for the shareholders in both companies, delivering an uplift in value for Tritax EuroBox shareholders and adding a portfolio of well-diversified and high-quality logistics assets to SEGRO's portfolio on attractive terms.

The following month, Titanium Ruth Bidco Limited (Brookfield) made a competing cash offer which was accepted and recommended by the Tritax EuroBox board in place of the SEGRO offer.

With the support of key advisers, the Board considered carefully our position and the options available to us and, aligned with our commitment to be disciplined in our approach to capital allocation, agreed not to increase or improve the original offer.

Instead, we were able to reach an agreement with Brookfield in January 2025 to acquire, through the SELP joint venture, a portfolio of six Tritax EuroBox logistics assets located in Germany and the Netherlands, which would complement our existing strong presence in both markets and match our investment criteria in terms of returns, location and quality. The transaction is conditional on European Union anti-trust clearance, which is expected in the first quarter of 2025.

Throughout the process the Board has acted in what it considers to be the best interests of SEGRO's shareholders and in reaching an alternative agreement with Brookfield to acquire the assets has lived our value of 'If the door is closed ...'.

Impacted stakeholders

Investors
Customers
Suppliers
Employees

s172 matters considered

A B C D E F

Link to our strategy

– Disciplined capital allocation

Approval of transactions over £100 million

All acquisitions, developments and disposals over £100 million require Board approval.

During 2024, the Board:

- approved the acquisition of a 98,000 sq m modern logistics estate in Eindhoven, the Netherlands;
- approved the option to purchase a brownfield site in Paris, France;
- approved the sale of SEGRO Victoria Industrial Estate, UK;
- supported SELP's acquisition of six Tritax EuroBox logistics assets located in Germany and the Netherlands from Brookfield following its acquisition of the EuroBox portfolio; and
- approved the acquisition of Enfield Distribution Park, UK.

Our ambition 'to be the best property company' underpins these Board discussions ensuring that we have the right assets in order to drive long-term out performance of our portfolio.

Impacted stakeholders

Customers
Suppliers
Communities
Environment
Investors

s172 matters considered

A B C D E

Link to our strategy

– Disciplined capital allocation
– Responsible SEGRO

Appointment of Marcus Sperber as an Independent Non-Executive Director

The Board approved the appointment of Marcus Sperber as an Independent Non-Executive Director with effect from 1 May 2024.

Marcus brings a wealth of experience in the real estate and investment management industry, and, along with the other Non-Executive Directors, he brings independent judgement, scrutiny and constructive challenge to Board discussions in order to drive long-term success.

Impacted stakeholders

Employees
Investors
Customers
Suppliers
Communities
Environment

s172 matters considered

A E F

Link to our strategy

– Nurturing talent

Stakeholders continued

Customers

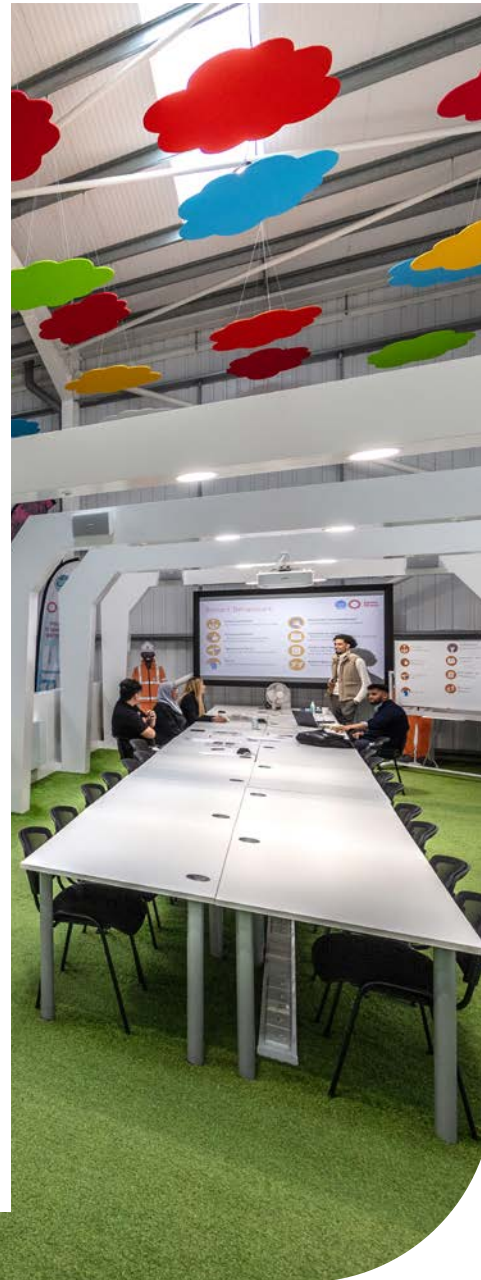
We have 1,369 customers across eight countries and aim to build outstanding customer relationships.

How does the Board engage?

- During its visits to Milan and Coventry, the Board toured assets occupied by Amazon and DHL;
 - At SEGRO Logistics Park Novara, an Amazon representative demonstrated the logistics operations behind a customer purchase on the website, and shared the innovative solutions being employed to improve the customer experience; and
 - the Board also heard directly from a DHL representative about the acquisition of UK Mail and the importance of the new, modern facility at SEGRO Park Coventry in enabling growth by doubling DHL's handling capacity and supporting the local community through the creation of over 600 new jobs.
- At SEGRO Logistics Park Northampton, the Board visited one of the largest UK pre-lets, being constructed on behalf of our customer, Yusen Logistics.
- Customer executives from Amazon, Royal Mail and Digital Realty joined the Board at the annual Strategy Event to discuss their businesses, future trends, and their experiences and expectations of SEGRO.
- The Board considers the results of the annual customer satisfaction survey.

Impact/Outcome of engagement

- The opportunity to meet with customers is always greatly appreciated by the Board and helps to further its understanding of what our customers value in our buildings so we can continue to create the space that enables extraordinary things to happen.
- Their customer perspectives on the current environment, and the major challenges and opportunities that this presents for their business, provide context to Board debate and decision making.
- Board oversight of the Annual Customer Satisfaction Survey ensures that excellent customer service is maintained.



Communities

As a long-term investor we are committed to ensuring that local people and communities benefit from our assets.

How does the Board engage?

- The Board is regularly updated on our progress against delivery of our Community Investment Plans, where SEGRO partners with local charities to support the local economy and bring long-term economic and social benefits to the region.
- All Executive Directors participated in the annual Group-wide Day of Giving, which brings together SEGRO's employees and suppliers to contribute to charitable causes that improve the local environment and health and wellbeing of the local community.

Impact/Outcome of engagement

- The Board is ever mindful of the impact that our developments could have on our communities, and it actively considers how investments can benefit the local area when considering capital allocation requests.
- The Remuneration Committee approved ESG targets for the SIP/GSIP awards to include a target number of volunteering days, primarily focusing on supporting young people in the community and the environments in close proximity to our assets.
- Projects supported by the Day of Giving address specific local needs, creating a meaningful and lasting impact on the communities in which we operate.



Stakeholders continued

Suppliers

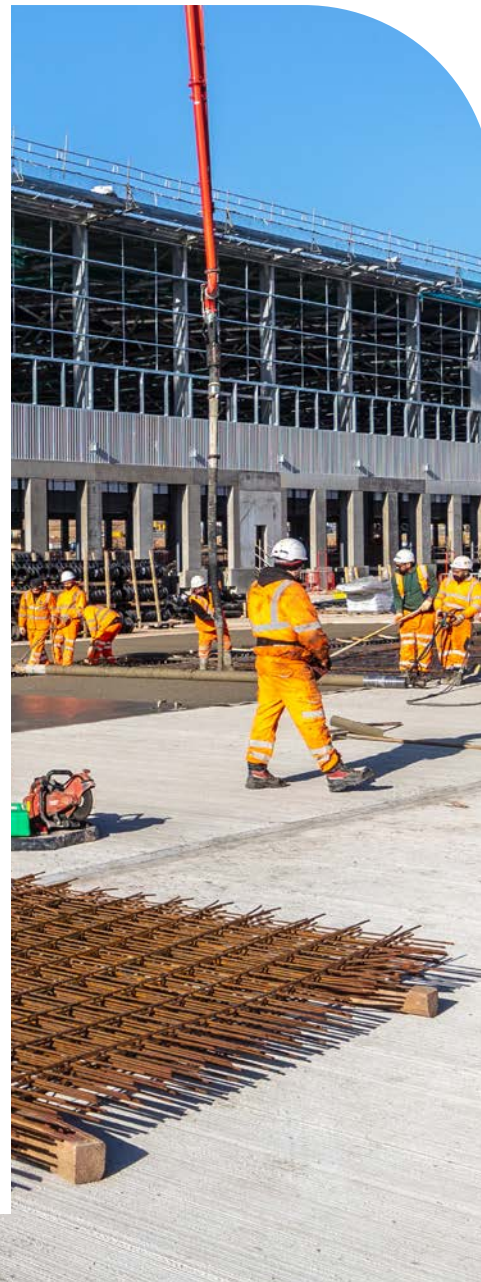
We work with 3,069 suppliers across the Group from a diverse range of industries.

How does the Board engage?

- Employees from Winvic Construction and members of the Savills Project Management team led the Board, Executive Committee and Company Secretary on a tour of SEGRO Park Coventry.
- SEGRO's suppliers include advisers such as brokers and lawyers, many of whom have joined Board meetings during the year to provide advice in relation to specific transactions, including the equity raise and Recommended offer for Tritax EuroBox plc, as well as the typical annual updates on their areas of expertise.
- One of our brokers, UBS, attended the annual Strategy Event to provide a fresh perspective on the macro outlook and real estate adviser, Cushman and Wakefield, shared views on the industrial property market.
- Our corporate lawyers, Slaughter and May, provided training to ensure that the Board remained well informed on their responsibilities.

Impact/Outcome of engagement

- Meeting with our suppliers enhances the Board's understanding of the opportunities and challenges they are facing, and the potential impact on our customers and their businesses.
- The Board considers the highest ethical standards as integral to SEGRO's business. It approves the Modern Slavery Statement and maintains oversight of the Modern Slavery and Labour Standards Code and Code of Business Conduct and Ethics to ensure that these standards are maintained by our suppliers.



Investors

Our investors provide the capital through equity or debt which finances SEGRO's business and its future growth.

How does the Board engage?

- All Directors attended the 2024 AGM, where they were available to meet with and answer questions from shareholders both formally, during the meeting and informally, over refreshments.
- The Chair extended an invitation to our ten largest shareholders to meet with him, the Senior Independent Director and the Committee Chairs, and he met with some investors in the first quarter of 2024 to discuss their thoughts on the Company.
- Simon Fraser, as Chair of the Remuneration Committee, wrote to 20 of the largest investors and three proxy voting agencies to seek their views on the proposed updates to the Remuneration Policy.
- the Co-Head of Global Property Equities and Portfolio Manager at Janus Henderson, a major investor in REITs globally and top 10 shareholder in SEGRO, joined the Board at the Annual Strategy Event to share his perspective on the equity capital markets and SEGRO.

Impact/Outcome of engagement

- Regular engagement with our investors helps the Board understand what is important to them and helps shape its decision making.
- In launching the 2024 equity placing, the Board was cognisant of prior feedback from retail shareholders who had expressed disappointment in being unable to participate in previous placings, and launched a retail offer alongside the placing enabling them to take part in the transaction (see page 84).
- In developing the new Remuneration Policy feedback from the workforce engagement sessions was considered and stakeholders were supportive of the proposed changes.



Stakeholders continued

Environment

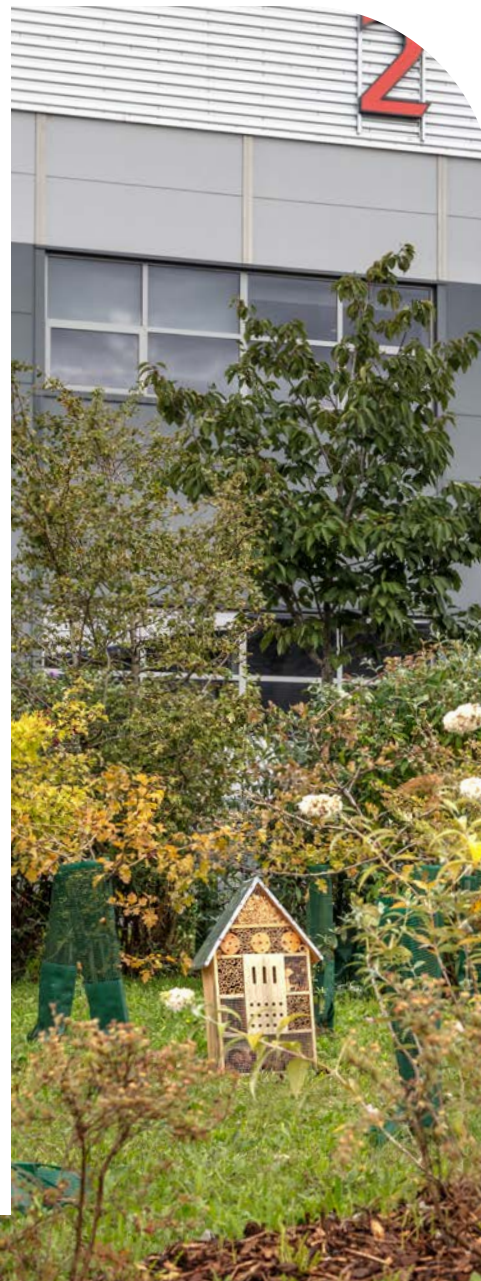
The regions in which we operate and local areas impacted by the development and ongoing operations of our assets.

How does the Board engage?

- All requests for capital approval considered by the Board, and the Investment Committee, must contain information on the environmental implications and mitigations as required by the Company's Mandatory Sustainability Policy.
- At SEGRO Park Coventry, the Board saw first-hand the development of a modern, sustainable, logistics hub in line with our Responsible SEGRO commitments.
- The Board receives regular updates on progress against our Responsible SEGRO targets and Sustainability.
- The Commercial Finance Director and Head of Sustainable Finance attended the December 2024 Audit Committee meeting to share an update on the work undertaken to prepare for reporting the emerging EU non-financial reporting requirements.

Impact/Outcome of engagement

- The Board monitors progress against our Responsible SEGRO targets to ensure that they remain appropriate, stretching and in the best interests of all of our stakeholders.
- It is mindful of the environmental impact of our developments and net-zero ambitions when considering capital allocation requests.
- Reports on Sustainability and updates on compliance with the Mandatory Sustainability Policy enable the Board to lead the business in a way which it believes is most likely to promote its long-term sustainable success.
- Regular updates from internal and external experts on current and forthcoming legislation, regulation and reporting requirements ensure the Board stays well-informed and the Company continues to comply with requirements with regards to ESG.



Employees

We employ 466 people across nine countries with a diverse range of skills.

How does the Board engage?

The Board feels strongly that, in order to be authentic, meaningful and received positively by our employees, its approach to engaging with the wider workforce should mirror the Company's Value to 'say it like it is'.

As the Group has a non-unionised business with a headcount of 466 employees based in multiple countries, an alternative arrangement (as permitted by Provision 5 of the Code) remains the most appropriate option. This involves a three-stage approach which, whilst now well-embedded, remains under review to ensure it continues to be effective and encompasses the spirit of enabling the voice of the employee to be heard in the boardroom.

1. Individual meetings with the Non-Executive Directors

Each year, our Non-Executive Directors hold a series of informal meetings with employees from across the business to hear first-hand how they feel about working at SEGRO. The Board appreciates the value of hearing a variety of views directly from a broad cross-section of employees in different roles, grades and offices to gain a deeper understanding of the issues that are important to them without members of the Leadership team present.

In 2024, pairs of Non-Executive Directors led three sessions: one thematic session which focused on Executive Remuneration (which is detailed further on page 117), and two sessions on more general topics during their visits to Milan and Coventry. We felt that this was a good balance between focused conversations on topics the Board wanted to hear more from employees on as well as offering the flexibility for employees to share their views on areas of importance for them.

Discussion areas included Responsible SEGRO, our ambition to 'be the best property company' and what this means for employees, Nurturing talent and future priorities for the business and individual teams. On the whole, the Directors found that employees welcomed the opportunity to participate and were forthcoming in sharing their thoughts.

Non-attributable feedback from each session was relayed at the following Board meeting for discussion.

2. Presentations at Board and Committee meetings

The Board regularly invites representatives from around the business to present at Board and Committee meetings and in 2024 welcomed a number of guest speakers as detailed on page 79.

Each of the Committee Chairs also met with employees in relation to the business of their Committees.

3. Informal meetings

During the year, the Board travelled to Milan, Italy and Coventry, UK where they toured local assets with the Co-Heads of Italy, Head of National Markets and their teams. During their visits they also took the opportunity to hold informal lunches at the offices, where they enjoyed speaking with colleagues, and dinners with the local management teams.

Other Board engagement in 2024

- Two of our Non-Executive Directors, Carol Fairweather and Sue Clayton, joined representatives from the Executive Committee and Leadership team for a panel discussion on inclusion for International Women's Day.
- Members of the Executive Committee and their teams joined the Directors ahead of the December Board meeting for interactive sessions focusing on the Company's strategic priorities, where the Directors heard about the achievements and key learnings in each area during the year and noted the objectives for 2025.

Impact/Outcome of engagement

- We take meaningful action to address the areas of importance raised by our people during the workforce engagement sessions and their feedback is an important consideration in our people strategy and planning.
- Feedback from previous workforce engagement sessions helped to shape our enhanced family-friendly policies that were launched during the year, demonstrating our commitment to supporting employees during key moments in their lives.
- Board discussions benefit from the wealth of specialist knowledge which is regularly shared by employees on their areas of focus.
- Meeting with a diverse group of employees at all levels, and not just senior leaders, enables the Board to experience the SEGRO culture first-hand and see how our employees uphold the Purpose and Values.

Composition, succession and evaluation

External Board performance review

This Annual Report is being prepared under the 2018 Code, however we have updated references from 'Board evaluation' to 'Board performance review' to align with the provisions in the 2024 Code, which will largely apply for financial years starting on or after 1 January 2025.

In line with the requirements of the Code, the Board undertakes an externally facilitated performance review every three years. In the intervening two years, internal reviews of the Board, its Committees and the performance of individual Directors are carried out. The last external Board performance review took place in 2021 and therefore an externally facilitated review was undertaken in 2024.

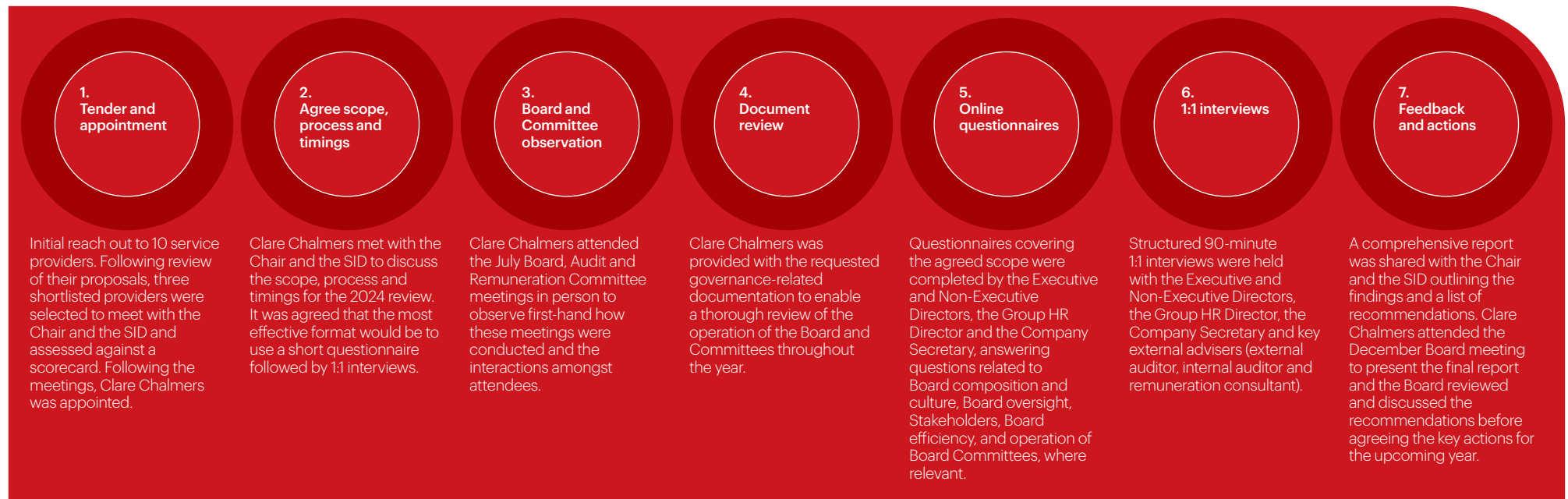
The external performance review process was overseen by the Chair, supported by the Senior Independent Director (SID) and the Company Secretary.

Following a tender process, Clare Chalmers was appointed as external facilitator. Clare Chalmers does not have any other connection with the Company or individual Directors and, together with a number of notable independent Board evaluators, established The International Register of Board Reviewers (TIRBR), which is aligned to the four guiding principles for board reviewers and three guiding principles for clients, which can be viewed at www.tirbr.com.

Agreed areas of focus for the 2024 review

- The size and composition of the Board and its Committees and the balance of the skills, experience, independence and diversity, and any enhancements that may be beneficial over the next few years;
- Board succession planning, including the appointments process, induction and training, and oversight of talent management for the wider business;
- the main strategic considerations and challenges, how the Board inputs to the development of strategy, and the effectiveness of Board Strategy Events or other strategic sessions held throughout the year;
- Board dynamics, including the tone of meetings, how the Board supports and challenges executive management and participation and interaction between Non-Executive Directors and senior management in and between Board meetings;
- the Chair's leadership and the performance of individual Directors including the roles of Senior Independent Director and Committee Chairs;
- stakeholder engagement and the consideration of stakeholder interests as part of Board discussion and decision making; and
- Board meetings and papers, including the support from the Secretariat function.

Overview of the 2024 external Board performance review process



Composition, succession and evaluation continued

Actions identified from the 2024 review

Key recommendations and actions for 2025

Strategy	– continuing to receive regular updates at Board meetings on strategy and the key strategic priorities, ensuring sufficient time for debate, including updates on the longer-term trends that could impact the key structural drivers of the business;
Stakeholder engagement	– continuing the cadence of breakfasts and dinners with external speakers, including customers and suppliers, and allocating time on Board agendas to discuss any outputs from these interactions;
Succession planning and talent management	– keeping succession planning under review throughout the year, ensuring sufficient time at Nomination Committee meetings to discuss and consider Board, executive and senior management succession planning, talent management and future capability requirements; and
Board papers and agendas	– continuing to improve discipline around succinct executive summaries in Board papers and presentations to allow sufficient time for discussion and questions from Board members.

Progress against these actions will be considered by the Board during the course of 2025 and will be reported in next year's Annual Report.

Progress against actions identified in the 2023 internal review

In June and December 2024, the Board also revisited the conclusions of the 2023 internal performance review to ensure that progress was being made on the key actions identified:

What we said we would do:	What we did:	Further information:
Evolve the Board agenda to include more structured and regular discussion throughout the year on the key strategic drivers of the business following the 2023 Strategy Event.	There was allocated time on the Board agendas throughout the year for discussion on strategic topics and the Board received updates from the business on the key strategic priorities. Additionally, in December 2024, an interactive session was held, where individual Board members had the opportunity to discuss and ask questions directly to those responsible in the business for delivering each strategic priority.	Strategy Event – page 80 Key activities of the Board – page 79
Succession planning to be kept under review during the year.	The Nomination Committee received updates on succession plans at Committee meetings held during the year, and will continue to receive updates as appropriate.	Nomination Committee Report – page 91 Succession planning – page 94
Continuing the programme of regular stakeholder engagement.	A series of stakeholder engagement sessions were held during the year. The Board received presentations from a number of key advisers and met customers and suppliers during their visit to Milan in June and Coventry in September. Customer executives from key customers were also invited to join a Board dinner in November. The Non-Executive Directors held three workforce engagement sessions over the year.	Our stakeholders – page 18 Stakeholder engagement from the Board's perspective – page 84 Workforce Engagement – pages 88 and 117 Strategy Event – page 80
Inviting the newer Executive Committee members to attend Board meetings, allowing the Board to hear first-hand about their areas of responsibility.	Since the beginning of 2024, the Chief of Staff, Group Customer and Operations Director, Managing Director, Continental Europe and Managing Director, UK, have each attended at least one Board meeting to present and have attended a number of Board dinners. Executive Committee members also attended Board visits to Milan and Coventry in June and September, respectively, and the Board Strategy Event in November.	Key activities of the Board – page 79 Strategy Event – page 80

Conclusions from the 2024 review

The overall picture from the review was positive and concluded that the Board and its Committees continued to operate effectively and perform well. The key findings highlighted, in particular, that:

- SEGRO benefits from a strong and well-balanced Board, bringing together experienced Non-Executive Directors with a range of skills and backgrounds;
- the Board is constructive and engaged, with good challenge, debate and accountability, and is well supported by the wider management team; and
- the Board and Committees are well supported by the Company Secretary and meetings are effectively run.

Clare Chalmers has reviewed the disclosures relating to the review set out within the Annual Report and has agreed that they reflect accurately both the process followed and the findings. In accordance with the Code, the next externally facilitated Board performance review will be scheduled for 2027 and internal reviews will be conducted in 2025 and 2026.

Composition, succession and evaluation

Nomination Committee Report



Andy Harrison
Chair of the Nomination Committee

Key responsibilities

- Composition of the Board and its Committees
- Appointment of new Directors
- Induction of new Directors and ongoing training for individual Directors and the Board as a whole
- Monitoring the effectiveness of the Board Diversity and Inclusion Policy
- Succession planning for the Board, the Group HR Director and the Company Secretary
- Oversight of the development pipeline for the Leadership team and talent development programme for the wider workforce

See the attendance at scheduled Nomination Committee meetings on **page 78**

Committee membership

- Andy Harrison (Chair)
- Mary Barnard
- Sue Clayton
- Carol Fairweather
- Simon Fraser
- Linda Yueh

Quick links

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Succession planning	94
Board diversity and inclusion	95
Directors' independence	96
Director re-election at the 2025 AGM	96

Letter from the Chair of the Nomination Committee

Dear shareholder,

I am pleased to present the Nomination Committee (the Committee) Report for 2024, in which we set out how the Committee has discharged its responsibilities during the year.

The Committee comprises five of the Independent Non-Executive Directors and is chaired by myself as the Chair of the Board.

In this Report we will demonstrate how the Committee has fulfilled its role of overseeing the composition of the Board and its Committees, and monitoring the balance of skills, experience, independence and knowledge as well as the diversity of its members in its broadest sense.

Board changes
Appointments

Following the planned retirement of Martin Moore in December 2023, the Committee agreed to begin a search to replace the skills and experience which were lost with Martin's retirement. After a robust search process, which is detailed further on page 97, the Committee recommended the appointment of Marcus Sperber.

Marcus was appointed as an Independent Non-Executive Director on 1 May 2024 and will be subject to election by shareholders at the upcoming Annual General Meeting (AGM).

He brings an extensive knowledge of the real estate and investment management industry, complementing the skillsets of our existing Board members and offering a fresh perspective to Board discussions.

Since joining the Board, Marcus has participated in a comprehensive induction programme which you can read about on page 97.

Retirements

There were no retirements from the Board during the year.

Committee membership

The Committee considered the appointments of Independent Non-Executive Directors to each of the three Board Committees and concluded that they remain appropriate and effective although, as ever, this will be kept under review.

Board succession planning

Succession planning has long been a vital priority for the Committee and you can read more about our approach on page 94.

We are mindful of the tenure of some of our Non-Executive Directors, namely Sue Clayton and Carol Fairweather, who are now each serving their final three-year term. We are also cognisant of the need to balance the regular refreshment of Board membership with the right combination of skills, experience, independence and diversity, and the balance of the Board as a whole. In the coming year the Committee will further consider the succession of these two roles. In addition to acting as an Independent Non-Executive Director, Carol also serves as the Chair of the Audit Committee and Senior Independent Director and so careful consideration will be given to the succession of these roles in particular to ensure a smooth transition of responsibilities.

Re-appointment of Independent Non-Executive Directors

Non-Executive Directors are appointed by the Board for three-year terms. At the conclusion of each term, the Committee undertakes a review of their performance and contribution before making any recommendation to the Board for their re-appointment.

Throughout the year, the Committee has acted in accordance with its Terms of Reference, which were last updated in February 2024 and can be found at: www.SEGRO.com

Composition, succession and evaluation continued

Nomination Committee Report continued

In May 2024, Simon Fraser and Linda Yueh reached three years' service on the Board and, in June 2024, Sue Clayton reached six years' service. Following their confirmation that they each wished to continue serving as Independent Non-Executive Directors, and in Simon's case the Chair of the Remuneration Committee, their re-elections were considered by the Committee.

The Committee gave due regard to their individual performance and their contributions and ability to contribute to the long-term success of the Board. We concluded that Simon, Linda and Sue all continued to be valuable members of the Board and it was agreed that their terms each be extended for a further three years, subject to the annual re-election by shareholders at the 2025 AGM.

Neither Simon, Linda nor Sue were present when their re-appointments were discussed.

In the coming year, Mary Barnard will reach the end of her second three-year appointment in March 2025 and I will reach the end of my first three-year appointment in April 2025. The Committee considered our re-appointments at the December 2024 meeting where, after due consideration, it was agreed that each of our appointments be extended for a further term. Carol Fairweather, in her capacity as Senior Independent Director, led the discussion regarding my re-appointment and neither Mary nor I were present when our respective re-appointments were considered.

Board diversity and inclusion

The Board Diversity and Inclusion Policy, which was last updated in December 2023, was considered at the December 2024 meeting and the Committee determined that it remained appropriate, effective and in line with best practice. We further considered how the objectives set out in the Policy had been achieved during the year, as detailed on page 95.

Committee effectiveness

As part of the external Board performance review undertaken during the year, detailed on pages 89 and 90, the operation of each of the Board Committees was considered and it was concluded that they continue to operate effectively and were well led by their respective Chairs.

An update on the activities of the Committee was provided to the Board at each subsequent Board meeting.

Looking ahead

In 2025, the Committee will continue to focus on succession planning, both generally and with regard to specific key roles, to ensure that we remain well positioned for the future. As detailed on page 90, we will allow more time on the agenda for wider discussions on talent management below Board level.

Diversity and inclusion for the Board and senior management roles also remains a key item for discussion on the agenda and we will continue to monitor progress against achievements of the agreed senior management diversity targets.

If you have any questions on the Nomination Committee or the contents of this Report, do contact me on companysecretariat.mailbox@SEGRO.com.

Andy Harrison

Chair of the Nomination Committee



1

1 Marcus Sperber joined the Board as an Independent Non-Executive Director on 1 May 2024

What the Committee did in 2024

In addition to its key responsibilities, in 2024 the Committee:

- recommended the re-appointment of Simon Fraser, Linda Yueh and Sue Clayton for further three-year terms from 2024;
- recommended the re-appointment of Mary Barnard and Andy Harrison for further three-year terms from 2025; and
- led the recruitment process for a new Non-Executive Director and recommended the appointment of Marcus Sperber.



See the Key Responsibilities of the Committee on [page 91](#)



Read more about the skills and experience of the Directors in their biographies on [pages 76 to 78](#)



Further information on the roles of the Chair, Chief Executive and Senior Independent Director can be found on [page 83](#)

Composition, succession and evaluation continued
Nomination Committee Report continued

Composition, skills and experience

The Board is currently made up of a Non-Executive Chair, six Independent Non-Executive Directors and two Executive Directors, all of whom are equally responsible for the effective stewardship and leadership of SEGRO.

During the year, the Committee reviewed the skills and experience of the Board members, as well as the size of the Board as a whole, and concluded that it was appropriate in size with the right balance of skills and experience to fulfil its duties. As ever, this will be kept under review.

Induction

On joining the Board new Directors participate in a comprehensive induction programme designed to familiarise them with the Company, its assets, policies and procedures, and to introduce them to employees and key advisers, in order to assist them in becoming effective in their role as quickly as possible.

As part of the induction process, they are provided with information on the Group, its policies and its governance structure by the Company Secretary.

They will also meet with the Executive Directors, the other members of the Executive Committee, the Heads of Functions covering various aspects of the business, and the Company’s external advisers which include the valuers, brokers, and internal and external auditors, during the course of Board activities.

Training

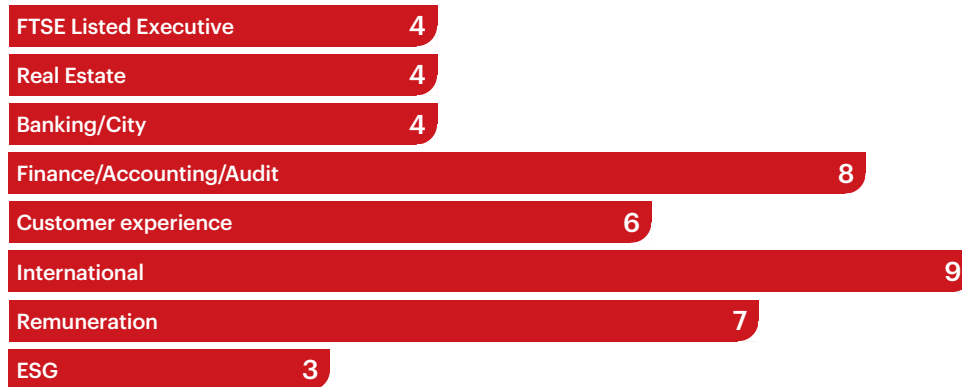
To ensure the Board continually updates and refreshes its skills and knowledge, ongoing training and development support is provided. The Directors are regularly briefed on: business-related matters; governance updates; investor expectations; and legal and regulatory changes which impact the Company.


During the year, both the Audit and Remuneration Committees received updates or briefings on relevant accounting, remuneration and regulatory developments, evolving market trends and changing disclosure requirements from external advisers and internal management. As detailed on pages 98 and 99, members of the Audit Committee spent time familiarising themselves with the evolving requirements in relation to the emerging EU non-financial reporting requirements.

Directors may also request training on specific issues with some attending external courses (often provided by our professional advisers). From time to time, meetings with specialists in the business are arranged for Directors who may wish to gain a deeper insight into a particular topic. The Directors may raise any training needs with the Chair which helps to ensure that the training programme meets the needs of the Board, individual Directors and the business. The Directors have access to the advice of the Company Secretary and independent professional advice is available at the Company’s expense, if necessary, in fulfilling their duties and responsibilities.

During the year, all Board members received the annual refresher training on the UK Market Abuse Regulation from the Company Secretary and were reminded of their ongoing duties and responsibilities as Directors by our corporate lawyers, Slaughter and May.

Skills and experience of Directors



 Read about the tailored induction programme for Non-Executive Director Marcus Sperber, who joined the Board in 2024, on [page 97](#)



1



2

1 SEGRO Park Carré des Aviateurs Le Blanc-Mesnil

2 SEGRO Park Croydon

Composition, succession and evaluation continued
Nomination Committee Report continued

Succession planning

The Committee is responsible for the effective and orderly succession planning of Directors, both Non-Executive and Executive, the Group HR Director and the Company Secretary.

It monitors the tenure of Directors to ensure that it plans sufficiently in advance of retirements from the Board to ensure orderly succession of Non-Executive Directors. In accordance with the Code, all Directors stand for election or re-election at each AGM.

Along with considering Board succession, the Committee oversees the development of a strong pipeline of diverse and talented individuals below Board level. It reviews regularly the quality of the Leadership team and senior managers as it recognises the importance of creating and developing a suitably talented, diverse pipeline ready to serve as the next generation of leaders.

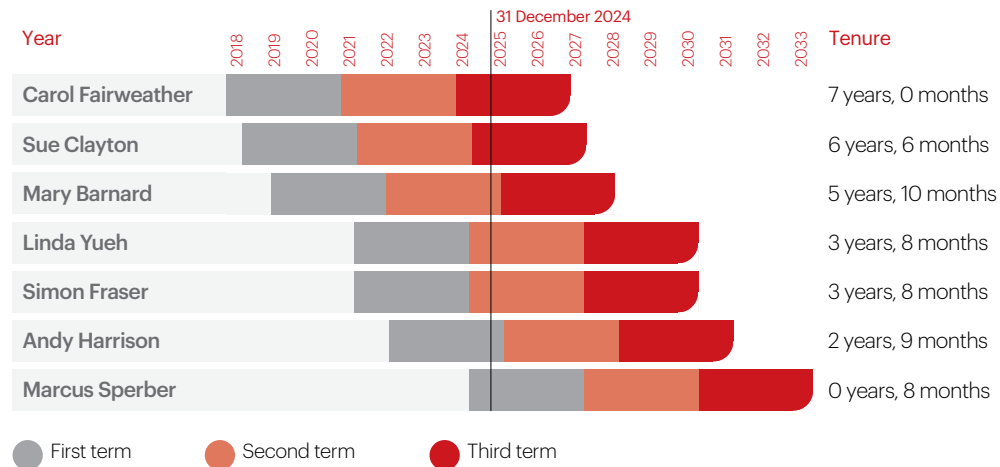
The Chief Executive, supported by the Group HR Director, presents to the Committee on Leadership team succession planning and the talent development programme for the wider workforce. For the Executive Committee and for roles in the Leadership team, plans are in place for both sudden, unforeseen absences, and for longer-term succession. These form the basis of development plans for our most talented people and will ensure that, looking forward, we have the right people to deliver our strategy.

Tenure

Executive Directors



Non-Executive Directors



1



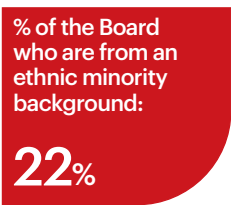
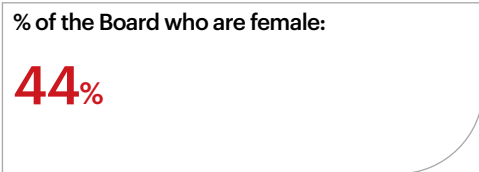
2

1 SEGRO Coventry office

2 SEGRO London office

Composition, succession and evaluation continued
Nomination Committee Report continued

Board diversity and inclusion



The Board recognises the benefit and value of diversity in its broadest sense and believes that, throughout SEGRO, diversity of perspective and experience enables more effective discussion and better decision making. SEGRO is a pan-European business committed to the creation of an inclusive culture, where each individual is given the opportunity to contribute and use their talents and abilities to their maximum potential.

We believe a diverse Board, with a broad range of skills, backgrounds, knowledge and experience, is a key driver of an effective Board as it promotes constructive debate and effective decision making.

The composition of the Board exceeds the criteria of both the FTSE Women Leaders Review on gender diversity and the Parker Review on ethnic diversity. As at 31 December 2024, 44 per cent of the Board were female, 22 per cent were from an ethnic minority background and one senior Board position was held by a female.

The Board aspires to promote greater diversity across the business which forms an integral part of our Nurturing talent strategic pillar. During the year, the Group HR Director presented to the Board on the progress made against these objectives, which included progress against the gender and ethnicity diversity targets for senior leadership roles we disclosed last year.

Board Diversity and Inclusion Policy

The Committee is responsible for monitoring the effectiveness of the Board Diversity and Inclusion Policy (the Policy) which sets out the Company's approach to diversity and inclusion in respect of the Board and its Committees, and considers how this contributes to SEGRO's Group-wide diversity and inclusion ambitions.

The Policy incorporates a broad range of diversity factors as set out in the Disclosure Guidance and Transparency Rules, specifies diversity targets with which the Board aims to comply, and considers how the Policy is applied to the Audit, Nomination and Remuneration Committees as well as the Board as a whole.

It was last updated during 2023. During 2024, the Committee considered that the Board and its Committees were in compliance with the Policy, which remained appropriate and aligned with best practice, and will keep both the Policy itself and compliance with it under periodic review.

Diversity and inclusion in Directors' recruitment

When searching for an additional Director, the Committee is mindful of the advantages a diverse Board brings, and ensures that in selecting and briefing executive search firms, the importance of diversity and inclusion are highlighted at the outset. The Committee particularly considers how it describes the skills and experience needed for the roles as this helps attract as wide a pool of candidates as possible. Only executive search firms who have signed up to the Voluntary Code of Conduct for Executive Search Firms will be used in the recruitment of Directors. In the final selection decision, all Board appointments are made on merit and relevant experience, against the criteria identified by the Committee with regard to the benefits of diversity in the widest sense.

 Read more about Nurturing talent, which includes diversity targets for SEGRO's senior leadership on **page 28**

 View the Board's Diversity and Inclusion Policy at www.SEGRO.com/about/corporate-governance/downloads

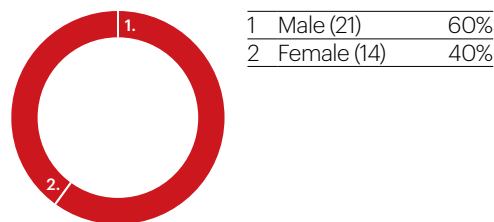
Reporting table on sex/gender representation¹

Gender	Number of Board Members	% of Board	Number of senior positions on the Board ²	Number in executive management ³	% of executive management
Men	5	56	3	6	75
Women	4	44	1	2	25
Not specified/prefer not to say	0	0	0	0	0

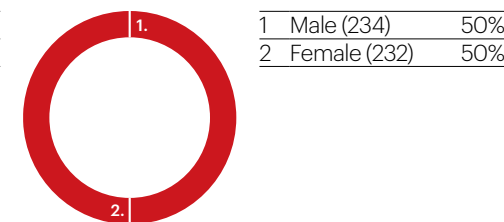
Reporting table on ethnicity representation¹

Ethnicity	Number of Board Members	% of Board	Number of senior positions on the Board ²	Number in executive management ³	% of executive management
White British or other White (including minority-white groups)	7	78	3	7	87
Mixed/Multiple Ethnic Groups	0	0	0	0	0
Asian/Asian British	2	22	1	1	13
Black/African/Caribbean/Black/British	0	0	0	0	0
Other ethnic group	0	0	0	0	0
Not specified/prefer not to say	0	0	0	0	0

Gender balance of executive/senior management's direct reports⁴



Gender balance of total workforce



¹ These tables set out the numerical data required to be disclosed in accordance with UKLR 6.6.6(9) as at 31 December 2024. The data collected from Directors and executive management for the purposes of making this disclosure is provided on a voluntary basis.

² Senior positions on the Board include the Chair, Chief Executive, Chief Financial Officer and Senior Independent Director.

³ Executive/senior management comprises the Executive Committee, being the most senior managerial body below the Board, and the Company Secretary as defined by the UK Listing Rules and the Code.

⁴ The senior management's direct reports (which include members of the Leadership team) are the next layer of management below senior management as defined by the Code. This figure differs from the percentage of women in senior leadership roles disclosed on page 28 which is inclusive of executive/senior management, and not just their direct reports.

Composition, succession and evaluation continued**Nomination Committee Report** continued**Time commitment**

As part of the recruitment process, the significant time commitments of potential Board members should be disclosed to the Committee. On appointment, the Chair and Non-Executive Directors receive a formal letter of appointment clearly setting out their expected time commitment to the Company and any additional future commitments should not be undertaken without prior notification to the Board.

Executive Directors are permitted to hold one external directorship as approved by the Board. David Sleath and Soumen Das each hold one external directorship, at RS Group plc and NEXT plc respectively.

The Committee has considered the additional commitments of all Directors and has concluded that each of them has sufficient time to commit to the Company and are not overboarded. Their individual contributions are, and continue to be, important to the Company's long-term sustainable success.

For transparency, we disclose all significant external appointments held by our Directors in their biographies on pages 76 to 78; however it is recognised that many of these appointments do not require the same time commitment as appointments to publicly listed companies.

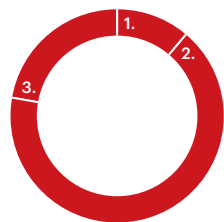
Directors' independence

The Board is made up of a majority of Independent Non-Executive Directors, which promotes the good governance of the Company by ensuring that the Executives are held to account and are not able to dominate Board decision making.

The Committee considers each of the Non-Executive Directors to be independent in character and judgement in accordance with the criteria set out in the Code.

The Chair was considered independent on appointment and the Committee still considers him to be so.

Prior to their appointment, the Directors must disclose any actual or potential conflicts of interests and any future business interests that could result in a conflict must not be undertaken without the prior notification to, and authorisation of, the Board. The Board considers and approves the conflicts of interest as declared by any Director at each Board meeting.



1	Independent Chair (1)	11%
2	Independent Non-Executive Directors (6)	67%
3	Executive Directors (2)	22%

Directors' effectiveness

The performance and individual contribution of each of the Directors is reviewed annually as part of the Board performance review process, which this year was an externally-facilitated review led by external consultant Clare Chalmers. Further details can be found on pages 89 and 90.

The review concluded that the Chair demonstrated strong leadership, was supportive in facilitating an environment where all Directors can speak openly, and remained effective in his role.

The Non-Executive Directors also agreed that the Chief Executive continued to perform his role with energy and commitment and leads an effective Executive team.

The performance of the other Non-Executive Directors is appraised by the Chair and Senior Independent Director, whilst the Chief Executive provides feedback on the Chief Financial Officer.

Director election/re-election at the AGM

Having considered the skills and performance of each Director, and whether they continue to be effective and demonstrate commitment to their roles, the Committee makes a formal recommendation to the Board that they be elected/re-elected as appropriate.

The Committee has concluded that all Directors continue to be effective in their roles and accordingly will submit themselves for election/re-election as appropriate by shareholders at the 2025 AGM.

For information on how each of the Directors contribute to the long-term success of the Company, see their biographies on pages 76 to 78.



For information on how each of the Directors contribute to the long-term success of the Company, see their biographies on **pages 76 to 78** and at **www.SEGRO.com**

Composition, succession and evaluation continued

Nomination Committee Report continued

Marcus Sperber, Independent Non-Executive Director – recruitment and induction

1. Background	3. Search	5. Selection	7. Induction	
<p>Further to the planned retirement of two Directors in 2023, the Committee had agreed to keep the size and composition of the Board under review, including whether and how to replace the skills and experience of former Non-Executive Director, Martin Moore.</p> <p>These considerations included the appropriate size of the Board, the loss of Martin's particular skill, all in the context of the Board's desired skills matrix and governance policies, with a view to future proof the Board ahead of the next rotation of retirements in 2027. It was concluded that we should commence a search for a Non-Executive Director with a broad experience of European real estate.</p> <p>Andy Harrison, as Chair of the Committee, led the search process with support from the Senior Independent Director, Carol Fairweather, and feedback from the Chief Executive, David Sleath.</p>	<p>Having considered a number of search firms, Egon Zehnder were engaged to undertake a European wide search.</p> <p>They are a signatory to the Voluntary Code of Conduct for Executive Search Firms, as required by the Board Diversity and Inclusion Policy and the Committee felt as though they had a good understanding of the business and its culture. They have no other connection with the Company or any of its Directors.</p> <p>Egon Zehnder commenced the search for a diverse selection of candidates and the initial long list was reviewed by the Committee.</p>	<p>Marcus Sperber was identified as the preferred candidate.</p> <p>The Committee considered him to be a high calibre candidate with the relevant experience to add insight to discussions and a valuable addition to the Board. His other commitments were noted, and the Committee concluded that he was not overboarded and would have sufficient time to dedicate to the role.</p>	<p>The induction programme for incoming Non-Executive Directors is built around a series of meetings with the other Executive and Non-Executive Directors, the Executive Committee, the Company Secretary and other members of senior management, as well as site visits to get to know our assets and meetings with relevant external advisers. The programme is tailored to the areas of focus and interest for the particular Director, and some meetings take place within the regular programme of Board meetings and site visits.</p> <p>Marcus' induction included meeting with the following people in order to familiarise himself with the Company and gain the necessary background to effectively take on his role and discharge his responsibilities as an Independent Non-Executive Director:</p> <ul style="list-style-type: none"> – Chair Andy Harrison provided an introduction to the Board, its culture, and key areas of focus for the coming year, as well as the responsibilities and current focal points of the Nomination Committee. – Chief Executive David Sleath shared his views on the business, the strategy and ongoing transactions. He also provided an overview of the Company's strategic priorities and Responsible SEGRO. – Chief Financial Officer Soumen Das gave an overview of the structure and work of the Finance function and the Company's latest financial performance, investor and analyst feedback, Transformation and Technology function and risk management processes. – Non-Executive Directors Each of the Non-Executive Directors met with Marcus to share their views on the Company. Committee Chairs, Carol Fairweather and Simon Fraser, brought him up to speed on the activities of the Audit and Remuneration Committees respectively, and Carol also noted her role as Senior Independent Director. – Head of Legal and Company Secretary Stephanie Murton outlined the Company's corporate governance framework, the annual agenda for the Board and its Committees, shared insights from last year's internal Board evaluation and discussed the Board's programme for stakeholder engagement. She also provided an overview of our legal structure, Code of Business Conduct and Ethics and whistleblowing policies, training on our UK Market Abuse Regulation policies and detailed how we manage conflicts of interest. – Executive Committee and senior management Each of the Executive Committee members detailed their individual areas of responsibility, including the UK and Continental European business and operations, the HR function, workforce engagement programme and Nurturing talent programme, Group Operations including health and safety, our Responsible SEGRO strategy, Data Centre and Energy strategy and the SELP joint venture. Marcus also met with other senior managers around the business to further discuss topics of interest. – Committee meetings Since joining the Board, Marcus has attended a number of the Audit, Nomination and Remuneration Committees as a guest in order to gain a comprehensive view of their activities. – External advisers Marcus has attended Board and Committee meetings at which some of our key advisers were present, all of whom are available for additional private meetings should the need arise. – Site visits To date, Marcus has visited a number of assets in Milan, Coventry, Northampton and Slough and further visits are planned for 2025. 	
2. Role profile	4. Interview	6. Appointment		
<p>The Committee identified the desirable skills, experience and qualities and a role profile was agreed. As well as prior experience of the UK and Continental European markets and property investment, the Committee stressed the importance of a good cultural fit within both the Board and the Company.</p>	<p>Initial interviews with a shortlist of candidates were held with the Chair, Chief Executive, Senior Independent Director and Chair of the Remuneration Committee.</p> <p>Following feedback discussions, further interviews took place with the rest of the Board and references were obtained.</p>	<p>The Committee made a formal recommendation to the Board, following which Marcus was appointed as an Independent Non-Executive Director with effect from 1 May 2024. He will be subject to election by shareholders at the upcoming AGM in April 2025.</p> <p>A full biography for Marcus can be found on page 78.</p>		

Audit, risk and internal control

Audit Committee Report



Carol Fairweather
Chair of the Audit Committee

Key responsibilities

Advising the Board on the statements made in the Annual Report and Half-Year Report on viability, going concern, risk and controls and whether the Annual Report and Accounts are, when taken as a whole, fair, balanced and understandable

Monitoring the integrity of the Financial Statements of the Group including reviewing significant judgements

Reviewing internal controls and risk management systems

Overseeing internal and external audit processes and the independence of the external auditor

See the attendance at scheduled Audit Committee meetings on **page 78**

Committee membership

- Carol Fairweather (Chair)
- Sue Clayton
- Simon Fraser
- Linda Yueh

Quick links

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Letter from the Chair of the Audit Committee

Dear shareholder,

As Chair of the Audit Committee (the Committee), I am pleased to present the Committee's report for 2024.

Over the following pages you will see how the Committee has discharged its responsibilities, as well as other areas which it has focused on.

Composition

The Committee is made up entirely of Independent Non-Executive Directors and each member has considerable commercial knowledge and broad industry expertise.

I satisfy the requirement of the UK Corporate Governance Code 2018 (the Code) to bring recent and relevant financial experience to the Committee, and the Committee also benefits from the additional financial expertise and experience provided by both Simon Fraser and Linda Yueh as well as the wealth of property experience brought by Sue Clayton.

There were no changes to the Committee during the year, and the Board remains satisfied that the Committee as a whole has the relevant competence and appropriate balance of skills and experience to properly discharge its duties.

Meetings

The Committee met formally three times during the year and provided updates to the Board on its activities at each subsequent meeting. We believe this is the appropriate amount of scheduled meetings, however if the need arises, additional formal meetings are convened.

As usual, our external and internal auditors joined the meetings throughout the year, together with a number of employees from across the business. We continue to find this incredibly valuable as it allows us to see the pool of talent within the Company and facilitates a greater depth of discussion and debate on some specialist topics.

In 2024, we were joined by:

- the Head of Finance for the Group and Group Financial Controller to consider the accounting judgements and treatments that have been adopted for particular transactions;
- the Head of Legal and Company Secretary, who provided updates on relevant legal and regulatory matters as well as the work of the Group Legal function;
- the Head of Tax, who provided an update on developments in the current tax landscape, the Group's tax strategy and an overview of significant tax issues or changes that could potentially impact the Group's tax charge;
- the Head of Technology, who delivered his annual update on developments in cyber security threats, the continued investments by the Company in response, and the current status of cyber security defences; and
- the Commercial Finance Director and Head of Sustainable Finance, who shared an update on sustainability matters including the status of preparation for reporting under the emerging EU non-financial reporting requirements.

During the year, the Committee has acted in accordance with its Terms of Reference, which were last updated in June 2022 and can be found at: www.SEGRO.com

Audit, risk and internal control continued

Audit Committee Report continued

Regular updates were also provided to the Committee on the risk management process, internal controls and anti-bribery and corruption matters.

In addition to scheduled meetings, I speak regularly with the Chief Financial Officer, Head of Finance for the Group, Group Financial Controller and Head of Legal and Company Secretary to discuss any topical issues that should be brought to the attention of the Committee.

Areas of focus in 2024

A comprehensive list of the Committee's activities in 2024 can be found on the right. Some specific highlights this year included:

- agreeing the approach to the external auditor tender in 2025;
- considering the RICS mandatory requirement for the periodic rotation of UK valuers, which will come into force in May 2026 which was also considered by the Board as a whole in December 2024; and
- keeping under review the evolving requirements for the Group in relation to the emerging EU non-financial reporting requirements.

Committee effectiveness

As part of the external Board performance review, the operation of the Committee was considered (see pages 89 and 90) and was deemed to be operating effectively.

FRC Letter

During the year, the Company received a letter from the Financial Reporting Council (FRC) following a routine review of the 2023 Annual Report and Accounts. Please see page 100 for further information.

Discharge of responsibilities

The quality of debate and challenge amongst the Committee, management and the internal and external audit teams, together with the comprehensive information provided to the Committee, has assisted us in appropriately discharging our responsibility.

I would like to thank all those who have contributed to the Committee this year for their efforts.

Looking ahead

In 2025, the Committee will:

- undertake a competitive tender of the external auditor in line with the recommendations of the FRC's Audit Committees and the External Audit: Minimum Standard;
- review our risk management and internal controls frameworks in preparation for the introduction of the new Provision 29 of the updated UK Corporate Governance Code 2024, which comes into effect for the 2026 financial year; and
- continue to monitor progress of preparation for reporting under the emerging EU non-financial reporting requirements.

If you have any questions on the Audit Committee or the contents of this Report, do contact me on companysecretariat.mailbox@SEGRO.com.

Carol Fairweather

Chair of the Audit Committee

What the Committee did in 2024

Throughout the year, the Committee has:

- reviewed and monitored the integrity of the Financial Statements including reviewing significant financial reporting judgements and estimates made by management, to ensure that the quality of the Company's financial reporting is maintained, in the Company's Half- and Full-Year Financial Statements;
- assessed the objectivity, independence and competence of the external valuer of the Group's property portfolio and gained assurance around the valuation process;
- ensured compliance with applicable accounting standards, monitoring developments in accounting regulations as they affect the Group and reviewing the appropriateness of accounting policies and practices in place;
- received training on the Committee's responsibilities under the emerging EU non-financial reporting requirements;
- monitored progress on the preparation of the Group to report under the emerging EU non-financial reporting requirements;
- monitored matters relating to tax, including REIT status and other significant open matters;
- monitored the effectiveness of the Group's risk management systems and considered the adequacy of the process being undertaken to identify risks and mitigate the exposure of the Group to them;
- reviewed cyber security processes and the continued investment in this area to respond to increasing trends in cyber threats;
- ensured the processes followed to support the making of the going concern and viability statements remained robust and were correctly followed;
- ensured appropriate safeguards were in place for the detection of fraud and prevention of bribery. This extends to responsibility for overseeing and monitoring the Group's Anti-Bribery and Corruption policies and procedures contained in the Company's Code of Business Conduct and Ethics;
- reviewed the adequacy of internal financial controls and broader internal control systems;
- examined the performance of the external and internal auditors, their objectivity, effectiveness and independence, as well as the terms of their engagement and scope of the external and internal audit plans;
- reviewed and re-approved the Policy for Approval of Non-Audit fees;
- monitored the ratio and level of audit to non-audit fees paid to the external auditor and agreed their remuneration for the year;
- agreed the approach to the external audit tender in 2025;
- analysed and challenged the results of internal audit reviews and management's plans to resolve any actions arising from them; and
- advised the Board on whether the process supporting the preparation of the Annual Report taken as a whole, is appropriate to allow the Board to conclude that the Annual Report is fair, balanced and understandable and provides the information necessary to shareholders to assess the Group's position, performance, business model and strategy.

Audit, risk and internal control continued

Audit Committee Report continued

Financial reporting process

A key area of responsibility for the Committee is the monitoring of the integrity of the Company's Financial Statements and any formal announcements relating to the Company's financial performance, as well as reviewing any significant financial reporting issues and judgements contained therein.

The Group has long-established internal controls and risk management systems in relation to the process for preparing the Financial Statements. Various checks on internal financial controls take place throughout the year, including internal audits which are detailed further on page 103. Developments in accounting regulations and best practice in financial reporting are monitored by the Company and, where appropriate, reflected in the Financial Statements. Training is also provided to the finance teams and the Committee is kept appropriately informed.

The financial reporting from each business (UK and Continental Europe) is reviewed by the Head of Finance for the business, following submission by the regional finance teams. The results of each business are subject to further review by the Group Finance function, including senior members of the Group Finance team, before being consolidated. The draft consolidated statements are reviewed by various individuals including those independent of the preparer. The review includes checking consistency internally, with other statements and with internal accounting records.

The Committee receives reports from management and the external auditor on significant judgements, changes in accounting policies, and other relevant matters relating to the consolidated Financial Statements.

The Committee and the Board review the draft consolidated Financial Statements.

FRC Letter

As part of its standard review in respect of public and large private companies' accounts and reports, the FRC wrote to the Company and provided a number of minor suggestions that have been addressed where relevant and appropriate in the 2024 Annual Report and Accounts. The FRC clarified that this did not amount to substantive correspondence and no formal response was required from the Company. The FRC noted that their review was limited to the published 2023 Annual Report; it did not benefit from a detailed understanding of underlying transactions and provides no assurance that the 2023 Annual Report is correct in all material aspects.

Viability statement and going concern

The Committee is responsible for ensuring that the process put in place to allow the Board to make the viability statement on page 61 remains robust, in line with market practice and is correctly and properly followed.

The Committee reviewed the process which included extended scenario analysis and is comfortable with the process followed to make the viability statement and has confirmed this to the Board.

The Committee reviewed the recommendation setting out the support for adopting the going concern basis in preparing the financial statements. The Committee confirmed to the Board that the recommendation was appropriate. The Board's statement is set out on page 46.

Fair, balanced and understandable

The Code requires the Board to confirm that they consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

In order to enable the Board to make this confirmation, the Audit Committee has oversight of the process which has been followed, whereby the section owners and an independent reviewer confirm that in their opinion and against an agreed list of criteria the Annual Report is fair, balanced and understandable.

These criteria include:

- is the whole story presented, with key messages appropriately reflected?;
- does the Report properly provide the necessary information, with a good level of consistency, for stakeholders to assess SEGRO as a business?; and
- is the Report presented in straightforward language, easy to understand and within a clear framework?

The Committee reviewed the process that management had undertaken to make the statement, which included regular meetings of the Annual Report and Accounts Working Group during the drafting process to ensure a consistent approach, and confirmed to the Board that the processes and controls around the preparation of the Annual Report are appropriate, robust and consistent.

The fair, balanced and understandable statement is made on page 134.

Audit, risk and internal control continued**Audit Committee Report** continued**Significant judgements made by the Committee in 2024****Significant matter****Valuation of the property portfolio**

Valuation is central to the business' performance and is a significant estimate for the Committee as it is inherently subjective, because the valuer must make assumptions and judgements in reaching its conclusions.

This is a recurring risk for the Group as it is key to its IFRS profitability, balance sheet portfolio value, net asset value, total property return, and employee incentives. It also affects investment decisions and the implementation of the Company's Disciplined Capital Allocation policy.

It is included on the Risk Register and the process risk map as a potential key business risk.

The action taken

The Committee ensured that there was a robust process in place to satisfy itself that the valuation of the property portfolio by CBRE, a leading firm in the UK and Continental European property markets, was carried out appropriately and independently.

The Chair of the Audit Committee met separately with CBRE in advance of the Committee meetings to review the valuation process in detail and ensure the valuer remained independent, objective and effective.

Given the significance of this judgement, as in previous years, the full Board also met twice with CBRE to review, challenge, debate and consider the valuation process; understand any particular issues encountered in the valuation; understand the impact of climate change and sustainability requirements on valuations; and discuss the processes and methodologies used.

The auditors also meet with the valuers, and they use the services of their own in-house property valuation expert to test the assumptions made by CBRE. They report to the Audit Committee on their findings.

The Committee confirmed that it was satisfied that the valuation was not subject to undue influence and had been carried out fairly and appropriately, and in accordance with the industry valuation standards, and therefore suitable for inclusion in the Financial Statements.

For details of the Group's properties and related accounting policies see Note 13 and Note 1 of the Financial Statements. For details of the results of the valuation see Note 13 of the Financial Statements.



For further information see
page 137

Audit, risk and internal control continued

Audit Committee Report continued

External auditor

Following a tender in 2015, PricewaterhouseCoopers LLP (PwC) were appointed as the Company's external auditor for the 2016 audit, and the Committee continues to enjoy a constructive working relationship with them.

Richard Porter has been the external audit partner since 2023. The Committee Chair has had regular discussions with Richard and his PwC colleagues to consider matters as they arise throughout the year and the Committee regularly meets privately with Richard to discuss PwC's work and observations on the Company. No areas of concern were raised during the year.

Oversight

PwC presented their audit plan for the year which the Committee considered and approved. The key areas of risk, which were primarily identified as areas of judgement and complexity, were highlighted by PwC and were consistent with those areas identified by the Committee.

The level of audit materiality was also discussed and agreed.

PwC presented a detailed report of their audit findings at the year end, which were reviewed and discussed. A review of the external auditor's report was also undertaken by the Committee at the half year. As part of the reviews the Committee probed and challenged the work undertaken and the findings and the key assumptions made, with particular attention to the areas of audit risk identified.

Independence

The Company complies with the Competition and Markets Authority Order 2014 relating to audit tendering and the provision of non-audit services. There are no contractual obligations which restrict the Committee's choice of external auditor or which put in place a minimum period for their tenure. The external audit was last tendered in 2015 following which the auditor changed in 2016 from Deloitte LLP to PwC.

In the coming year, the Committee will lead the tender of the external auditor as stipulated by current regulation that requires a tender every 10 years, as detailed on page 103.

Remuneration

The Committee considers the remuneration of the external auditor at least on a semi-annual basis and approves its remuneration. It also keeps under close review the ratio of audit to non-audit fees to ensure that the independence and objectivity of the external auditor are safeguarded.

In 2024, fees for audit services amounted to £1.58 million and the non-audit fees amounted to £0.31 million, of which £0.20 million was subject to the non-audit fee cap which is broadly in line with the previous year. The balance is related to work in respect of the forthcoming Corporate Sustainability Reporting Directive.

The non-audit fee for 2024 equates to 14 per cent of the average audit fees of the last three years.

The chart below sets out the ratio of audit to non-audit fees for each of the past three years:

	2024	2023	2022
Audit fees (£m)	1.58	1.39	1.31
Non-audit fees (£m)	0.20	0.19	0.32
Ratio of non-audit fees to audit fees (%)	13	14	24

The Committee has concluded that PwC remains independent and objective, and that the level of non-audit to audit fees is acceptable for 2024. PwC has provided written confirmation of its independence to the Committee.

We have voluntarily provided details on the fees relating to the audit of the Group's SELP joint venture with PSP Investments, for which PwC is the auditor, in Note 6(ii) to the Financial Statements. The Committee has no oversight or control over these fees as the SELP joint venture operates totally independently and is not controlled by the SEGRO Group or the Committee. The fees are provided solely for information purposes and do not form part of the audit fees nor are they included in the calculation to determine the ratio of audit to non-audit fees on an annual or three-year basis for the SEGRO Group.

Policy for approval of non-audit fees

The Committee considers the Policy for Approval of Non-Audit Fees on an annual basis to ensure that it remains fit for purpose.

The Policy, which is available on our website at www.SEGRO.com, was updated in February 2025.

The Committee is satisfied that the Policy is appropriate and in line with industry best practice.

The Policy sets out the very limited circumstances where PwC may be appointed to carry out non-audit services but only with the prior consent of the Committee or the Committee Chair, through delegation of authority from the Committee. There must be an obvious and compelling reason why PwC should be appointed and there should be no threat to the independence of PwC.

The impact on non-audit to audit fees must also be considered, and fees incurred for non-audit work must not exceed 70 per cent of the average of the audit fees paid for the last three consecutive years. All non-audit fees are reported to the Committee.

Effectiveness

The Committee assesses the effectiveness of the external audit process on an annual basis, by taking account the views of management involved in the audit and by reviewing a number of factors including:

- performance in discharging the audit and half-year review;
- independence and objectivity;
- robustness of the audit process, including how the auditor demonstrated professional scepticism and challenged management's assumptions particularly in relation to the valuation of the Group's portfolio;
- the quality of service and delivery, including appropriate resources and skills for the complexity of SEGRO's audit; and
- remuneration.

The Committee also noted the results of the PwC Audit Quality Review inspection results 2023/24.

Having considered the above, the Committee believes the audit to be effective with an appropriate level of challenge.

Audit, risk and internal control continued

Audit Committee Report continued

External auditor continued

Re-appointment

On the basis of the above, the Committee recommended to the Board that it propose to shareholders at the 2025 Annual General Meeting that PwC should be reappointed for the 2025 financial year.

External auditor tender

Ultimate responsibility for the external auditor tender process sits with the Committee. As such, at the December 2024 meeting, the Committee considered and approved the proposed approach, criteria and timeline for the tender which will take place during 2025.

The tender will comply with all aspects of the FRC's Audit Committees and the External Audit: Minimum Standard. Following completion of the tender, the Committee will make an appropriate recommendation through the Board to be considered by shareholders at the 2026 AGM.

A summary of the external auditor tender process and the outcome will be reported in next year's Audit Committee Report.

Internal auditor

The Committee believes that given the Company's size and structure using a third party to perform the internal audit function continues to be the most appropriate model. This provides independent challenge of management and gives access to a wide range of expertise.

KPMG has performed the role since its appointment in 2007 and re-appointments in 2014 and 2022 following a tender.

During their tenure, there have been a number of rotations of lead partners and audit managers to ensure that a fresh perspective is given, and their independence and scrutiny are maintained.

Topics included in the internal audit plan for 2024 were selected based on a review of the Group's principal risks, the timing of the previous audit and advice on market insights from KPMG. Significant areas of risk are subject to internal audit on a cyclical basis.

The proposed internal audit plan for 2024 was considered and approved by the Committee in December 2023, and was kept under review during the course of the year.

Internal audits during 2024 included:

- leasing;
- health and safety;
- data management and governance;
- insurance; and
- sales, invoicing and credit control.

Each internal audit during 2024 confirmed that no significant control issues were identified. However, a number of process and minor control improvement points were identified with follow up actions and timelines which were regularly monitored by management and the Committee.

Feedback on the performance of KPMG for each internal audit is given by the Company and was largely positive and no areas of particular concern have been brought to the Committee's attention. The lead KPMG partner attends Committee meetings to present KPMG's report and the Committee also meets privately with him during the year. No matters of concern were raised in the private meetings.

Effectiveness

The Committee believes that both the process for determining the internal audit programme, and the programme itself, are appropriate and effective, and as in previous years the programme will be amended during the year if required to react to any new events or information.

The Committee is satisfied that the internal audit function continues to perform effectively.

Valuers

The single most important judgement that the Committee and the Board has to make is the value of the Group's portfolio. The Committee is assisted in reaching this judgement by its external valuer, CBRE, who have held this position since 2012. CBRE was reappointed in 2021 for a further four-year term, and the Committee believes that it continues to be effective in its role.

The effectiveness of the Group's valuers is assessed through regular meetings during the year with the Chair of the Audit Committee and supplemented by additional sessions with management, which focused on the following:

- independence and objectivity;
- experience and qualification of the valuation team;
- consistency of approach across each of the countries in which the Group operates; and
- quality of data and materials, including the two presentations to the Board.

As a result, the Committee concluded that the external valuers performed to a high standard, were independent, and that the well-run process delivered a robust set of valuations.

The Committee is mindful of the new RICS requirement for the mandatory periodic rotation of UK valuers, which will come into effect for the Group's UK-based assets for the June 2026 valuation. At the December 2024 meeting, the Board considered and agreed the proposed approach and timeline for the tender process.

Audit, risk and internal control continued

Audit Committee Report continued

Internal controls and risk management

Risk

The Board recognises that effective risk management is key to the long-term sustainable success and future growth of the business and the achievement of the Group's strategic objectives (see pages 50 to 53). It is ever aware of the need to ensure that new and emerging risks, as well as the more established principal risks, are adequately managed and mitigated. Risk management is therefore embedded in the Company's decision making and culture, and robust systems have been put in place to ensure this remains the case.

There is an ongoing process for identifying, evaluating and managing the principal risks faced by the Group, which has been in place during the year, together with the means for identifying those emerging risks which may impact the Group in the future. These emerging risks are discussed throughout the business by the appropriate working groups, conducting both horizon scanning and discussions at a more granular level. The Group Risk Committee monitors and reports on the Company's approach to risk management as detailed further on page 50.

The Board assumes responsibility for the effective management of risk across the Group, determined by its risk appetite, as well as ensuring that each business area implements appropriate internal controls. The Committee reviews regularly the effectiveness of the risk management process on behalf of the Board and is satisfied that it remains robust for the financial year in question and up to the date of this Annual Report.

Internal controls

The Committee is responsible for reviewing the adequacy and effectiveness of internal control systems (covering all material controls including financial, operational and compliance controls and risk management systems) on behalf of the Board.

At each meeting, the Committee receives an update on internal controls and regularly reviews the adequacy and effectiveness of the Group's internal control systems through various activities including:

- reviewing the effectiveness of the risk management process;
- reviewing and challenging management's self-assessment of the internal controls framework; and
- reviewing the work undertaken by the internal and external auditor, in relation to internal controls.

The Committee also receives at each meeting an anti-bribery and corruption report to enable it to satisfy its responsibility for ensuring that adequate safeguards for the prevention of bribery and corruption and detection of fraud are in place. Details of how matters of concern can be reported and will be investigated are on page 82.

During the year, the Committee received a report of one whistleblowing allegation through its independent telephone line which, following a thorough investigation, was found to be unsubstantiated and closed.

The Group's internal auditor, KPMG, also facilitated a Fraud Vulnerability workshop with a number of stakeholders from across the business, to discuss the key fraud risks that could potentially impact SEGRO and the mitigating controls in place. An update was provided to the Committee at the December 2024 meeting.

Outcome

The framework for monitoring and maintaining internal controls is considered appropriate for a Group of SEGRO's size and complexity and is designed to provide reasonable assurance against material misstatement or loss.

On the basis of the Committee's work, it confirms that it has not been advised of, or identified, any failings or weaknesses which it regards to be significant in relation to the Group's internal control systems during the year. It also confirms that the Group's internal control systems have been in place for the year under review and up to the date of approval of this Annual Report and are in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council.

Remuneration

Directors' Remuneration Report



Simon Fraser
Chair of the Remuneration Committee

Key responsibilities

Set the remuneration of the Chair, Executive Directors, Group HR Director and the Company Secretary

Review the remuneration of the Leadership team

Ensure Executive remuneration is aligned to the Company's Purpose and Values, and the successful delivery of its long-term strategy

Oversee the framework and policies for workforce remuneration and assess their alignment with Company culture

Consider individual remuneration outcomes for the Executive Directors

See the attendance at scheduled Remuneration Committee meetings on page 78

Committee membership

Simon Fraser (Chair)

Mary Barnard

Sue Clayton

Carol Fairweather

Linda Yueh

Quick links

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Aligning remuneration outcomes to strategy and Company performance	115
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Letter from the Chair of the Remuneration Committee

Dear shareholder,

On behalf of the Remuneration Committee (the Committee), I am pleased to present our Remuneration Report for 2024.

The role of the Committee is to determine the remuneration policies and practices which promote the long-term sustainable success of the Company, which are aligned with the Company's Purpose and Values and its strategy.

In the following pages you will see how the Committee has discharged its responsibilities as well as other key areas of focus in 2024.

Composition and Committee meetings

The Committee continues to be comprised entirely of Independent Non-Executive Directors.

The Committee had three scheduled meetings during the year and Committee member attendance can be found on page 78. The Chief Executive, Group HR Director and external remuneration adviser attend Committee meetings by invitation as required. Following each Committee meeting, I provide an update to the Board on the Committee's activities.

Key areas of focus in 2024

A major area of focus for the Committee was the development of the new Remuneration Policy (the 2025 Policy), which we are recommending to shareholders for approval at the 2025 AGM. The 2025 Policy was developed internally with support from our remuneration advisers and was further refined following a consultation process with approximately 60 per cent of the Company's shareholder base and key proxy advisory agencies. I discuss this further overleaf and the full 2025 Policy can be found on pages 123 to 131.

During the year, the Committee has acted in accordance with its Terms of Reference, which were last updated in February 2024 and can be found at: www.SEGRO.com

During the year, the Committee approved the Executive Directors' variable remuneration and annual salary increases, and assessed the variable targets prior to the 2021 LTIP vesting to ensure the outcomes represented a fair reflection of the business performance throughout the performance period.

The Committee also approved the grant of awards under the Company's all-employee schemes and reviewed the wider workforce remuneration framework to ensure this remained aligned with the structure of remuneration for the Executive Directors.

Remuneration and alignment to Company performance

As covered elsewhere within this Annual Report, SEGRO performed well during 2024, increasing the level of contracted rent and delivering strong operating metrics despite the macroeconomic environment and its impacts on wider business confidence.

Long-term structural trends continued to support occupier demand for industrial space and supply remained in check. This, along with the expertise and strong customer relationships of the asset management teams helped SEGRO capture a significant amount of the embedded reversion within the portfolio while keeping customer retention rates high, both supporting strong like-for-like rental growth.

Weaker business confidence resulted in lower levels of pre-let activity in our markets and a smaller development programme than in recent years, however development returns remain attractive and £37 million of completions during the year also contributed to income and earnings growth.

Finally, with liquidity returning to investment markets the investment teams were able to make some profitable disposals, the proceeds of which were redeployed into growth opportunities.

Remuneration continued

Directors' Remuneration Report continued

Adjusted profit before tax (Adjusted PBT) increased by 14.9 per cent to £470 million and adjusted earnings per share increased by 5.5 per cent to 34.5 pence. Adjusted NAV per share remained at 907 pence and the Company has maintained a strong balance sheet with a loan to value ratio of 28.0 per cent. The Board is recommending a final dividend of 20.2 pence per share, making the full-year dividend 29.3 pence per share, an increase of 5.4 per cent.

Further information on the Company's performance during the year can be found in the Chief Executive's statement on pages 11 to 15 and the Strategic Report on pages 10 to 71.

A summary of the Group's key financial metrics relating to Executive remuneration in 2024 can be found on page 108 and information regarding the alignment of remuneration outcomes to our strategy and performance can be found on page 115.

Remuneration in 2024

Directors' remuneration in 2024 was paid in line with the Company's existing Remuneration Policy (the Policy), which was approved by shareholders at the 2022 AGM.

The remuneration framework for both our Executive Directors and the wider workforce is aligned with the strategic direction and performance of SEGRO as well as the interests of our stakeholders, and this is set out in the charts on pages 115 and 116.

As indicated on page 116, the 2024 annual bonus for the wider workforce is aligned to Group-wide Adjusted PBT, rent roll growth (RRG), ESG measures, as well as the achievement of personal objectives. The weighting of the personal performance measure varies based on seniority and makes up a larger percentage of bonus measures for more junior employees, allowing for sufficient opportunity to recognise individual performance as well as Company financial and operational performance in the annual bonus structure.

Variable remuneration

Taking into account our operational results and our performance versus the financial and non-financial KPIs that were within management's control during a year of continued macroeconomic and geopolitical challenge, the Committee has confirmed the following performance-related payments to the Executive Directors:

2024 annual bonus

The annual bonus was subject to Adjusted PBT (37.5 per cent), rent roll growth (37.5 per cent) and ESG targets (25 per cent). Based on performance during the year, the 2024 annual bonus payment will be 56.6 per cent of maximum (see page 111 for more details).

2022 LTIP performance

The LTIP structure is designed to ensure that senior management reward is well aligned with shareholder returns. Vesting is calculated by reference to three equally-weighted performance conditions. Based on actual TSR performance over the performance period, and on the TPR and TAR data currently available, it is expected that none of the 2022 LTIP will vest. Final vesting under the 2022 LTIP will be determined once the TPR and TAR information is available. Any difference in the vesting outcome will be disclosed in the 2025 Annual Report. Any shares that vest as a result of the 2022 LTIP awards are subject to a two-year post-vesting holding period.

The performance period of January 2022 to December 2024 coincides with a period of macroeconomic volatility, with high inflation leading to high interest rates, and a resultant impact on investment and occupier markets. SEGRO, and the wider industrial and logistics property sector, saw a higher correction than other property sub-sectors, and hence underperformed their performance metrics which are measured versus other listed UK REITs. TPR has underperformed its benchmark mainly due to SEGRO's weighting to prime assets, which have a lower income yield but which should offer the opportunity for better future returns.

Exercise of discretion and judgement

When approving the formulaic outcomes under the annual bonus and LTIP, the Committee considered whether or not they represented a fair reflection of the underlying performance of the business.

The Committee was satisfied that the performance conditions were reflective of the business performance and that no overriding adjustment would have been appropriate. The Committee did not exercise discretion in relation to the operation of the Policy during the year.

The Committee is comfortable that the actions taken on pay during the year across the Company were appropriate and balanced the interests of all stakeholders and that the Policy operated as intended.

2024 LTIP award

The Chief Executive and Chief Financial Officer received an LTIP award in March 2024 with three equally-weighted performance conditions in line with the Policy. Further details can be found on page 113.

Directors' Remuneration Policy

During the course of this year the Committee conducted a review of the Policy, which is due to be renewed at our 2025 AGM. We consider our Policy to be working effectively and aligned with our strategy and, as a result, we are not proposing structural changes.

The key changes to the Policy are set out below:

1. Increase in the maximum annual bonus opportunity

The maximum annual bonus opportunity available under the proposed 2025 Policy for Executive Directors will increase from 150 per cent to 200 per cent of salary. This reflects the increase in the scale of the business, provides a more market competitive bonus opportunity and better alignment with the Company's current strategy which is focused on both short-term performance and long-term value creation. SEGRO is the largest UK REIT, with a pan-European portfolio and operating platform across the UK,

France, Germany, Poland, Italy, Spain, the Czech Republic and the Netherlands. Since the last Policy review, the Company has expanded the size of its property portfolio by 7 per cent in terms of space under management and increased its earnings per share by 19 per cent, while maintaining a strong balance sheet with a loan-to-value ratio of 28 per cent at 31 December 2024.

Regarding the implementation of the 2025 Policy for the financial year ending 31 December 2025, the maximum bonus opportunity for the Chief Executive will be increased to 200 per cent of salary, subject to shareholder approval of the 2025 Policy. The maximum bonus opportunity for the Chief Financial Officer will remain at 150 per cent of salary. Annual bonus targets for the 2025 financial year have been set taking into consideration internal and external forecasts to ensure that targets are stretching and incentivising. Further details are set out on page 109.

The increase in bonus opportunity for the Chief Executive reflects the increase in size of the business since the last Policy review. The Chief Executive's target total remuneration will be approximately 18 per cent below the FTSE 100 median but above the lower quartile level following the change. Recognising shareholders' desire to restrain salary increases, the Committee felt that an increase in bonus opportunity was the most appropriate way to reflect the growth in the business and not fall too far below mid-market levels.

2. Broadening Remuneration Committee discretion

The 2022 Policy only permitted the Committee to scale back the formulaic outcome of the annual bonus and LTIP awards. Under the proposed 2025 Policy, the Committee has the ability to exercise both upward and downward discretion in respect of incentives in line with market practice. Where any upward discretion is exercised the Committee would, where appropriate, consult with investors and, in all circumstances, give a detailed explanation of the rationale in the following Annual Report.

Remuneration continued**Directors' Remuneration Report** continued**3. Wider Policy changes**

Further changes to the Policy are minor and of a housekeeping nature. Further details are set out in the Policy section of this Report on page 123.

LTIP rules

Minor amendments have been made to the LTIP rules to ensure that they align with the 2025 Policy. The LTIP rules will be submitted to shareholders for approval at the 2025 AGM.

Remuneration in 2025

The Committee has reviewed the Executive Directors' variable remuneration and annual salary increases to apply in 2025 in line with the 2025 Policy.

Salary reviews

The Committee reviewed the salaries of Executive Directors taking into consideration the increases for all other employees as part of the process. Our salary budget is approximately 3 per cent higher for 2025 than 2024, excluding the impact of changes in employee numbers.

Reflecting their performance and that of the business, we have approved salary increases of approximately 3 per cent for the Executive Directors to take effect from 1 April 2025 (see page 109).

2025 bonus measures

As noted above, the Chief Executive will have a maximum annual bonus opportunity of 200 per cent of salary (pending shareholder approval of the 2025 Policy) and the Chief Financial Officer will have a maximum opportunity of 150 per cent of salary. Targets for the annual bonus are set by the Committee at the beginning of the year. The weighting of the annual bonus performance measures are made up of 75 per cent financial measures, comprising Adjusted PBT (37.5 per cent) and RRG (37.5 per cent, made up of 18.75 per cent standing (existing) stock and 18.75 per cent development), and 25 per cent non-financial measures linked to our Responsible SEGRO (ESG) ambitions. Following a review of the metrics used to calculate the bonus elements and their alignment to the Company's strategy, the

Committee concluded that no changes to the ESG measures were required and that ESG measures will continue to make up 25 per cent of the overall bonus for Executive Directors.

2025 LTIP awards

The Committee intends to make awards at the normal policy levels, the Chief Executive will receive a maximum LTIP award of 300 per cent of salary and the Chief Financial Officer will receive a maximum LTIP award of 250 per cent of salary. The Committee will undertake a final review of the targets and quantum prior to grant. Awards will continue to be subject to three equally-weighted measures (relative TSR, TPR and TAR).

Stakeholder engagement

Ahead of the AGM, we have engaged with 20 of our largest investors (representing approximately 60 per cent of the register) as well as Institutional Shareholder Services (ISS), The Investment Association (IA) and Glass Lewis, to understand their views on our proposed 2025 Policy and proposed implementation in 2025. Based on the feedback received from our engagement, investors raised no immediate concerns on the changes proposed to the Policy and the proposed implementation of the new 2025 Policy in 2025.

Workforce considerations and engagement

As part of the Policy review conducted during the year, the Committee considered pay alignment across the business to ensure everyone is rewarded fairly and that workforce pay aligns with Executive remuneration.

During the year, the Non-Executive Directors held a series of workforce engagement sessions with a cross-section of employees including one which covered the alignment of Executive remuneration with wider workforce pay. Further details on this engagement is set out on page 117.

Committee effectiveness

As part of the external Board performance review, the operation of the Committee was considered and it was concluded that the Committee continues to operate effectively in accordance with its terms of reference, which are available to view at www.SEGRO.com.

Looking ahead

The key areas of focus for the Committee in 2025 will be:

- the implementation of the 2025 Policy, subject to shareholder approval at the AGM;
- ensuring that the vesting of long-term incentives in 2025 accurately reflects the performance of the Executive Directors and the experience of stakeholders;
- reviewing progress against and continued appropriateness of the performance conditions and weightings of the annual bonus for Executive Directors; and
- monitoring emerging trends in remuneration and corporate governance as a whole.

Conclusion

The Remuneration Report and the 2025 Policy will be submitted to shareholders at the 2025 AGM, as well as the amendment to the rules of the LTIP as outlined. We believe that these changes are in the best interests of the Company and we hope that we can count on shareholder support at the AGM.

If you have any questions about remuneration generally, or the contents of this Report, do contact me at companysecretariat.mailbox@SEGRO.com.

I will also be attending the 2025 AGM and will be pleased to answer any questions you may have about the work of the Committee.

Simon Fraser

Chair of the Remuneration Committee

What the Committee did in 2024**Throughout the year, the Committee has:**

- developed the 2025 Policy and consulted with stakeholders on the proposed changes;
- approved the Executive Directors' annual salary increases, the 2023 bonus payments and the outturn of the 2021 LTIP awards, along with the approval of the 2024 bonus and 2024 LTIP targets;
- reviewed and refined the approach to the ESG measures for the 2024 annual bonus prior to approval in February 2024;
- approved the 2024 SIP, GSIP and Sharesave awards;
- reviewed the Chair's fee;
- reviewed workforce pay to ensure that it continues to be aligned with the structure of remuneration for the Executive Directors;
- noted the Group-wide all-employee 2024 salary review and considered the salary increases, bonus and LTIP awards for the Leadership team; and
- received remuneration market updates from Korn Ferry on emerging themes and best practice.

About this Report

In this section we have used colour coding to represent the different elements of Executive Director Remuneration, and for information relating to Non-Executive Director fees and workforce remuneration.

Executive Directors

- Salary
- Taxable benefits
- Pension benefits
- Single year variable – Bonus, including DSBP
- Multiple year variable – LTIP
- Other – SIP and Sharesave

Non-Executive Directors

- Non-Executive Directors

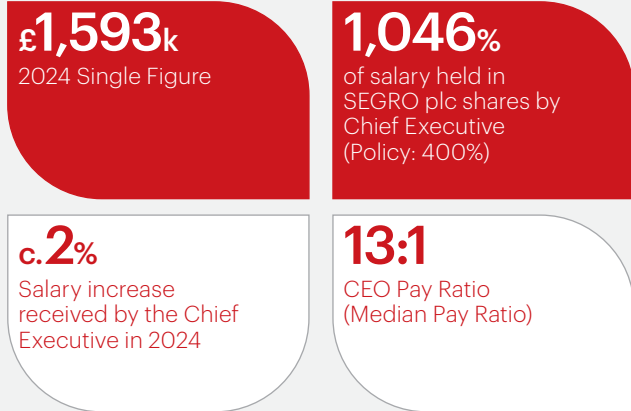
Workforce Remuneration

- Workforce Remuneration

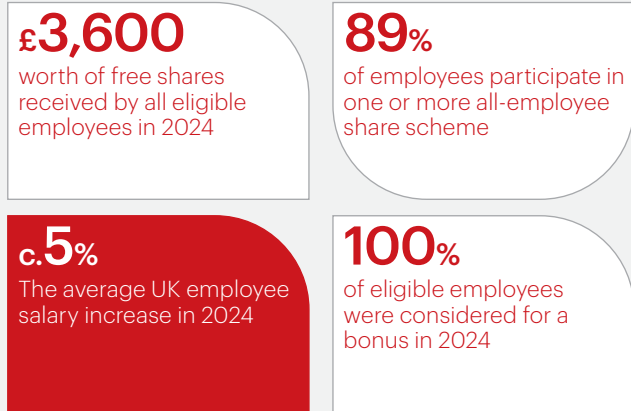
Remuneration continued
 Directors' Remuneration Report continued

Remuneration at a glance

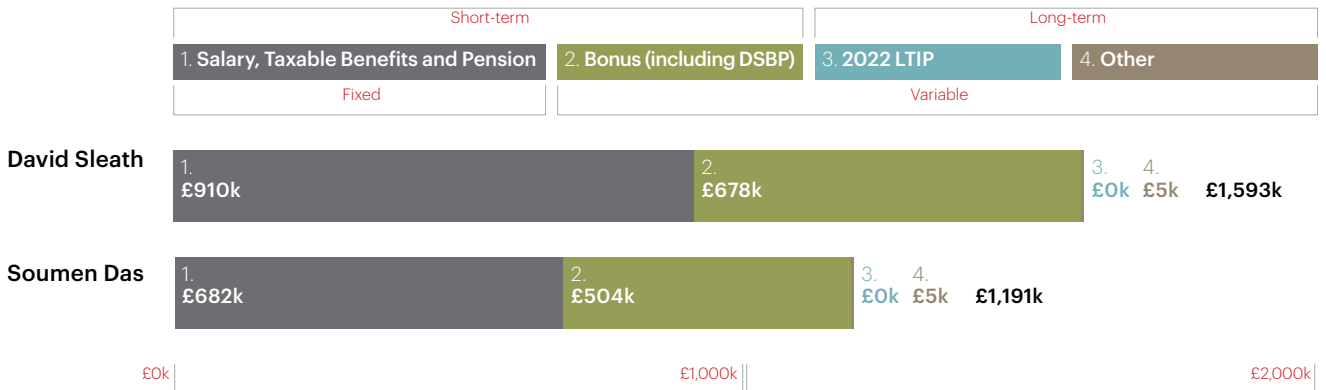
Chief Executive



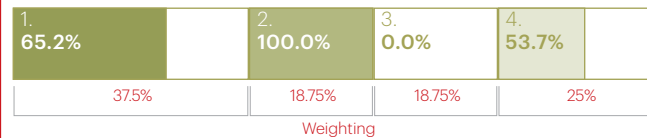
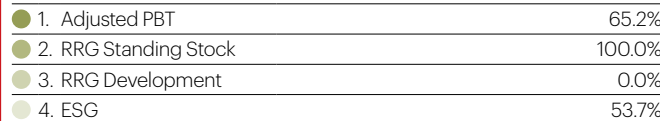
Workforce remuneration



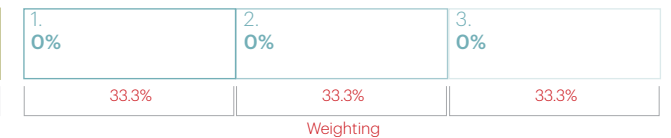
Breakdown of Executive Directors' total remuneration in 2024 (£000)



2024 Bonus payments



2022 LTIP award payout



Group performance metrics



Remuneration continued

Directors' Remuneration Report continued

How we intend to apply the Policy in 2025

Executive Directors

Salary

From 1 April 2025, the Executive Directors will receive an increase in salary of approximately 3 per cent.

Base salary with effect from 1 April 2025	
David Sleath	£822,100
Soumen Das	£611,300

Bonus

The maximum bonus opportunity for 2025 will be 200 per cent of salary for the Chief Executive (subject to the approval of the updated Remuneration Policy at the 2025 AGM) and 150 per cent of salary for the Chief Financial Officer. The bonus will be subject to the following performance conditions:

2025 bonus metrics	Weighting
Adjusted PBT	37.5%
Rent Roll Growth	37.5%
– Standing (Existing) Stock	(18.75%)
– Development	(18.75%)
ESG (including carbon emission reduction, customer service and employee engagement)	25%

This is in line with the approach in 2024 and bonus measures will remain the same for 2025. Further details on the bonus measures can be found on page 111. As targets are commercially sensitive, they are not disclosed at this time but will be in next year's Report.

Any payments to be made under this bonus will be payable in 2026.

50 per cent of the 2025 bonus will be deferred into shares under the DSBP. The 2025 DSBP will vest in April 2029, on the third anniversary of the payment of the 2025 bonus.

Pension

Executive Directors will receive cash in lieu of pension to the value of 12 per cent of their base salaries, which is in line with the UK workforce.

LTIP Award

The 2025 LTIP award for Executive Directors will be subject to the following equally-weighted performance conditions:

2025 performance conditions	Weighting	Threshold (20% of maximum)	Maximum (100% of maximum)
Relative Total Shareholder Return vs FTSE 350 REIT index	33%	Benchmark	Benchmark + 6% p.a.
Relative Total Property Return vs MSCI All Industrial Country	33%	MSCI Benchmark	Benchmark + 1.5% p.a.
Relative Total Accounting Return vs FTSE 350 REITs	33%	Benchmark	Benchmark + 2.5% p.a.

These awards will be calculated as a percentage of Executive Directors' salaries as at 31 December 2024 and will be granted during 2025. In line with the Policy, the Chief Executive will receive a maximum LTIP award of 300 per cent of salary and the Chief Financial Officer will receive a maximum award of 250 per cent of salary.

Dividends will accrue on the gross number of LTIP shares which are released. The Committee will decide whether this payment will be made in cash or shares.

Chair and Non-Executive Directors

Fees

Fees for the Chair and Non-Executive Directors are reviewed on an annual basis. The review of the fees paid to the Chair is within the remit of the Committee, whilst the review of Non-Executive Directors' fees is a matter for the Board in the absence of the Non-Executive Directors.

With effect from 1 January 2025, the Chair and Non-Executive Directors' fees were increased by approximately 3 per cent and in line with the Executive Directors' pay increment. The Chair received a base fee of £386,100 and the Non-Executive Directors received a base fee of £73,200. There were no increases to the additional fees payable for the roles of the Senior Independent Director or Chair of the Audit and Remuneration Committees, which remained aligned with benchmarking at £17,700 and £20,000 respectively.

Total fees with effect from 1 January 2025	
Andy Harrison	£386,100
Mary Barnard	£73,200
Sue Clayton	£73,200
Carol Fairweather	£110,900
Simon Fraser	£93,200
Marcus Sperber	£73,200
Linda Yueh	£73,200

Remuneration continued

Directors' Remuneration Report continued

How we applied the Policy in 2024

A summary of how the Directors' Remuneration Policy was applied for the year ended 31 December 2024 is set out below.

Executive Directors' single total figure of remuneration (Audited)

Chart 1: Executive Directors' single total figure of remuneration for 2024 (£000)

	Salary	Taxable benefits	Pension benefits	Total fixed	Single year variable – Bonus, including DSBP	Multiple year variable ^{1,2} – LTIP	Other – SIP and Sharesave	Total variable	Total
David Sleath									
2024	794	21	95	910	678	–	5	683	1,593
2023	773	21	93	887	958	1,173	3	2,134	3,021
Soumen Das									
2024	591	20	71	682	504	–	5	509	1,191
2023	575	18	69	662	712	831	3	1,546	2,208

1 The Multiple year variable figures for 2023 have been updated since the 2023 Annual Report as some values were estimated. For further information, see page 113.

2 For further information on the 2024 Multiple year variable figure on the 2022 LTIP Award, see Chart 5 on page 112.

3 The total remuneration for Executive and Non-Executive Directors comprising salary (or fees), taxable benefits, pension and bonus was £3.6m (2023: £4.7m). The single figure table for the Non-Executive Directors can be found on page 121.

In applying the Remuneration Policy in 2024, the Committee considered the following factors set out in Provision 40 of the UK Corporate Governance Code 2018 (the Code).

- **Clarity and simplicity:** The Committee is of the opinion that the Policy and its implementation is transparent, simple and easy to understand.
- **Risk:** The Company's remuneration arrangements discourage both the Executive Directors and the wider workforce from excessive risk taking in the pursuit of achieving objectives. The bonus, DSBP and LTIP include malus and/or clawback provisions. Executive Directors are required to hold a percentage of their base salary in shares in the Company (as described further on page 118). Additionally, they are subject to post-cessation requirement to continue holdings shares in the event that they leave the Company. Part of their annual bonus is subject to deferral under the DSBP and a compulsory post-vesting holding period applies for LTIP shares.
- **Predictability:** Potential values of rewards to the Executive Directors under the Policy are set out in the scenario charts on page 131. The Committee has the discretion to override formulaic outturns to ensure incentive payouts reflect underlying business performance, and is aligned to shareholder experience.
- **Proportionality:** In order to ensure outcomes do not reward poor performance, a significant portion of our remuneration framework is performance based and requires challenging performance targets and metrics to be achieved.
- **Alignment to culture:** There is strong linkage between the structure of the Company's incentive schemes, its Purpose and Values, and strategy. The chart on page 115 illustrates how variable remuneration is aligned with KPIs that measure performance against the Company's strategy.

During the course of the year, the UK Corporate Governance Code was updated. The 2024 Code will largely apply to the Company from 1 January 2025. The Committee considered the 2024 Code when reviewing the 2025 Policy set out on pages 123 to 131.

Salary

From 1 April 2024, the Executive Directors received an increase in salary of approximately 2 per cent.

Chart 2: Salary

	Base salary as at 1 April 2024
David Sleath	£798,200
Soumen Das	£593,500

Taxable benefits (Audited)

Taxable benefits include private medical healthcare, plus a cash allowance in lieu of a company car. Executive Directors are also entitled to life assurance and for the 2024 financial year, the total annual lump sum premiums (including annual death in service premiums) were as follows:

David Sleath – £7,500
Soumen Das – £6,200

These figures are not included in Chart 1 above.

Pension benefits (Audited)

Each of the Executive Directors received cash in lieu of pension as detailed in Chart 1.

Throughout the year, each of the Executive Directors received a cash allowance of 12 per cent of base salary.

Remuneration continued**Directors' Remuneration Report** continued**Single year variable – Bonus, including DSBP (Audited)
2024 Bonus (Audited)**

The 2024 bonus comprised three components: Adjusted Profit Before Tax (PBT) 37.5 per cent; Rent Roll Growth (RRG) 37.5 per cent, consisting of standing (existing) stock (18.75 per cent) and development (18.75 per cent); and ESG 25 per cent comprising four equally-weighted metrics.

The performance period for Adjusted PBT, RRG and ESG starts from 1 January. The Adjusted PBT and RRG outturns were calculated using a constant exchange rate and also include adjustments for specific items (including acquisitions and disposals made during the year) in accordance with the bonus scheme rules as approved by the Committee. The ESG element comprises four equally-weighted Responsible SEGRO measures in accordance with the bonus scheme rules as approved by the Committee.

Bonus payments are calculated as a percentage of Executive Directors' salaries as at 31 December of the relevant year. As explained on page 106, the Committee assessed the underlying performance of the business and concluded that no discretion should be exercised in respect of the 2024 bonus.

The 2024 bonus targets and performance against them are set out below. Based on performance over the period, the payout will be 56.6 per cent per cent of the maximum, which will be paid in April 2025. As result, David Sleath will receive a payout of approximately £0.68 million and Soumen Das will receive approximately £0.5 million.

The bonus is paid 50 per cent in cash with the remainder awarded as shares under the DSBP. Shares will vest in three years subject to continued employment or good leaver status.

The 2024 DSBP will be awarded in April 2025 and will vest on the third anniversary of the award date in April 2028. Details of the DSBP awards granted to Executive Directors are set out in Chart 13 on page 119.

Chart 3: 2024 Bonus

Bonus element	Threshold (25% unless otherwise indicated)	Target 50%	Stretch Target 90%	Maximum 100% payout	Actual	Weighting	Outcome achieved
Financial element							
Adjusted PBT against target	£473.7m	£478.4m	£487.9m	£497.4m	£482.0m ¹	37.5%	65.2%
Rent Roll Growth (RRG) Standing Stock against target	£25.8m	£32.2m	£33.8m	£35.4m	£38.4m ¹	18.75%	100%
Rent Roll Growth (RRG) Developments against target	£21.4m	£28.5m	£35.6m	£39.9m	£18.4m ¹	18.75%	0%
Non-financial element							
ESG							
- Improving visibility of Scope 3 operating carbon emissions in our buildings.	75%			85%	87%		100%
- Reducing embodied carbon emissions.	368kg (2024 pathway target)			348kg (in line with prior year achievement)	362kg		44.6%
- Providing excellent customer service.	80% customer satisfaction achieved from surveys during the year			90% customer satisfaction achieved on average from surveys during the year	86% satisfaction		70.0%
- Achieving high levels of employee engagement and inclusion.	25% payout for achieving top quartile position vs peers in overall employee engagement			75% payout for achieving top quartile position vs peers on inclusion. 100% payout for positive progress on SEGRO diversity and inclusion index	Inclusion was top quartile, however threshold for employee engagement was not met		0%
Total						100%	56.6%

¹ Actual Adjusted PBT of £482.0m is calculated based on a budgeted constant exchange rate and excludes share of joint venture and associates tax on Adjusted Profit. It also includes adjustments for specific items in accordance with the bonus scheme rules as approved by the Committee. As such, this differs from the Adjusted PBT of £470m shown in Note 2 of the Financial Statements. Similarly, RRG is calculated based on a budgeted constant exchange rate and differs from the total RRG shown on page 31 which reflects actual exchange rates for 2024.

Remuneration continued

Directors' Remuneration Report continued

Multiple year variable – LTIP (Audited)

LTIP awards are subject to a three-year performance period and a compulsory two-year post-vesting holding period for Executive Directors.

LTIP vesting in 2025 (Audited)

The 2022 LTIP award will vest on 5 May 2025, subject to relative TSR, TPR and TAR over the three-year performance period to 31 December 2024.

Based on actual TSR performance over the performance period and the TPR and TAR data currently available, it is anticipated that the 2022 LTIP award will not pay out.

Chart 4: 2022 LTIP award

Measure	Weighting	Threshold (20% of maximum)	Stretch (100% of maximum)	Outcome (% of maximum)
TSR ¹	33.3%	Benchmark	Benchmark + 6% p.a.	0%
TPR ²	33.3%	MSCI Benchmark	MSCI Benchmark + 1.5% p.a.	0%
TAR ³	33.3%	Benchmark	Benchmark + 2.5% p.a.	0%
Estimated vesting (% of award)				0%

- The Company's TSR over the performance period was -36.7 per cent and the benchmark TSR was -18.1 per cent. As SEGRO has not reached the threshold target, this element of the 2022 LTIP award will lapse.
- The estimated TPR calculation is based on the Company's actual annualised TPR between 2022 and 2024 of -0.9 per cent and an estimated MSCI benchmark over the same period of -0.6 per cent. On this basis, the Company's three-year TPR to 31 December 2024 has underperformed the estimated MSCI benchmark by 0.3 per cent which would lead to 0 per cent of the TPR element vesting. The final benchmark will be available in quarter two of 2025 and based on the information available at the time of this Report, the Committee has estimated that 0 per cent of this element will vest. Any differences will be disclosed in next year's Report.
- 100 per cent of the TAR element will vest if the benchmark is exceeded by 2.5 per cent per annum. The final benchmark will be available in quarter two of 2025. Based on the information available at the time of this Report, the Company is underperforming the benchmark by approximately 5.0 per cent and consequently the Committee has estimated that the threshold target will not be met and so it is anticipated that this element of the award will lapse.

The Committee has the discretion to adjust awards at vesting if it is not satisfied that the outcome is a fair reflection of underlying performance, or in the event of excessive risk taking or misstatement. As explained on page 106, the Committee assessed the underlying performance of the business and concluded that no such discretion should be exercised in respect of the vesting of the 2022 LTIP.

Subject to an LTIP award vesting, at the point of vesting, the underlying number of shares under the award are subject to a further two-year post-performance holding period. The Executive Directors will continue to hold their award over the shares, and will be entitled to the value of any dividend payments during the holding period; during this time they will not be able to sell or transfer the shares under award. The award after vesting is not subject to any further conditionality and the normal leaver provisions would not apply, meaning that if the individual resigned during the holding period they would retain their award and be entitled to receive the underlying shares at the end of the holding period. Only if the individual was summarily dismissed (for gross misconduct) would the award lapse on termination of employment during the holding period.

Chart 5: 2022 LTIP award to Executive Directors

	Share price on award (pence)	Percentage of salary awarded (%)	Number of shares awarded	Estimated percentage of award vesting (%)	Estimated number of shares eligible for vesting	Estimated share price on vesting (pence) ¹	Estimated value of vesting shares (£) ²	Value in Chart 1 attributable to share price appreciation (£) ²	Dividend (pence per share) ²	Total dividend on vesting shares (£) ²
David Sleath	1162.5	300	186,709	0	–	777.46	–	–	83.4	–
Soumen Das	1162.5	250	115,698	0	–	777.46	–	–	83.4	–

¹ The vesting share price has been estimated as the three-month average share price ending on 31 December 2024.

² As the estimated 2022 LTIP outcome is 0 per cent, there is no cash value included in Chart 1. Additionally, in the event that the actual outcome is 0 per cent following the final TAR and TPR benchmark data, no shares will vest and no dividend equivalents will be paid.

Remuneration continued**Directors' Remuneration Report** continued**Updated LTIP vesting in 2024 (estimated in 2023 Annual Report) (Audited)**

The estimated vesting for the 2021 LTIP award set out in the 2023 Directors' Remuneration Report was 62.7 per cent, based on nil vesting under the TSR element, 100 per cent vesting under the TAR element and 88.2 per cent vesting under the TPR element. The final benchmarks for the TAR and TPR elements became available in quarter two of 2024 and a final assessment concluded that there was no change required to the estimate made in respect of the TAR element. The Company's actual TPR over the performance period was 8.0 per cent and the MSCI benchmark was 6.6 per cent. As a result, the Company's TPR outperformance of 1.3 per cent compared with the MSCI benchmark led to 89.9 per cent of the TPR element vesting. Overall, this resulted in a total payout of 63.3 per cent for the 2021 LTIP, a 0.6 per cent increase from the 62.7 per cent that was estimated.

In the 2023 Annual Report the estimated vesting share price for the 2021 LTIP was 785.8 pence, and the figure in Chart 1 has been re-presented to reflect the actual vesting share price of 891.7 pence.

2024 LTIP award (Audited)

The 2024 LTIP award was granted on 22 March 2024 and is subject to the following equally-weighted performance conditions:

2024 Metrics	Weighting	Threshold (20% of maximum)	Maximum (100% of maximum)
Relative Total Shareholder Return vs FTSE 350 REIT index	33%	Benchmark	Benchmark + 6% p.a.
Relative Total Property Return vs MSCI All Industrial Country	33%	MSCI Benchmark	Benchmark + 1.5% p.a.
Relative Total Accounting Return vs FTSE 350 REITs	33%	Benchmark	Benchmark + 2.5% p.a.

The Chief Executive was awarded 300 per cent of salary in respect of the 2024 LTIP and the Chief Financial Officer was awarded 250 per cent of salary. Further details can be found in Chart 14 on page 120.

Other – SIP (Audited)

The 'other' figure in Chart 1 includes the SIP and Sharesave:

Share Incentive Plan (SIP)

During the year, SIP free share awards of £3,600 were made to eligible UK employees and Global Share Incentive Plan (GSIP) awards of £3,600 were made to eligible employees based outside of the UK. All eligible employees, including the Executive Directors, received an award 408 shares in respect of the 2024 SIP and GSIP, as set out in the table below:

Name	Number of shares granted	Grant date	Face value at grant (£) ¹
David Sleath	408	10 May 2024	3,599
Soumen Das	408	10 May 2024	3,599

¹ The number of shares awarded was calculated using a share price of 882.1 pence, based on the five-day average share price prior to the date of award.

Sharesave

All eligible UK employees are invited to join the Sharesave annually and can save up to a maximum of £500 per month across all open schemes. At the end of the three-year savings period, they can purchase shares at the option price based on a 20 per cent discount to the share price at the time of grant.

The Executive Directors did not join the 2024 Sharesave and so did not receive any grants under the scheme during the year.

Both Executive Directors are participants in the 2023 Sharesave, where they are saving the maximum permitted amount. The value of the 20 per cent option discount for each Executive Directors' savings in the year was £1,500.

Further details can be found in Chart 15 on page 120.

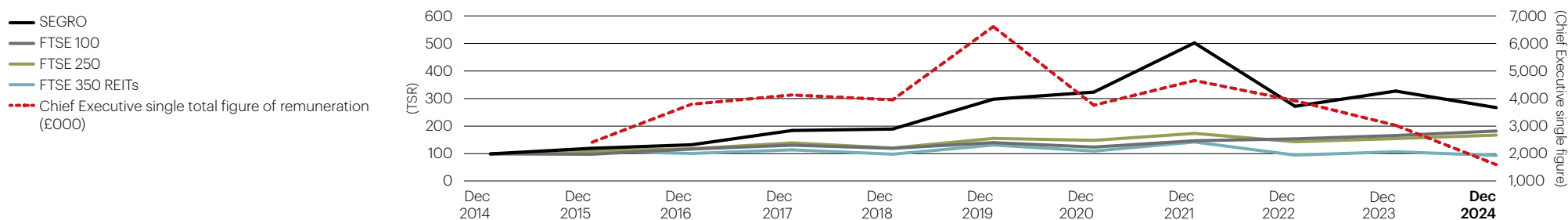
Remuneration continued

Directors' Remuneration Report continued

TSR chart and Chief Executive pay

Chart 6 below shows the TSR for the Company over the last 10 financial years compared with the FTSE 350 REIT Index and the FTSE 100 Index. The Committee has determined that these indices provide useful comparators as the Company and its peers are constituents of them.

Chart 6: Composite 10-year TSR chart and 10-year Chief Executive single total figure of remuneration



Chief Executive single figure of remuneration (£000)	2,388	2,788	4,125	3,947	6,611	3,752	4,650	3,915	3,021 ¹	1,593
Short-term incentive payout against maximum opportunity (%)	100.0	99.2	100.0	94.3	100.0	91.2	100.0	95.3	81.6	56.6
Long-term incentive payout against maximum opportunity (%)	42.3	100.0	100.0	100.0	100.0	100.0	100.0	100.0	63.3	0

1 This figure has been updated since the 2023 Annual Report as some values were previously estimated. For further information see Chart 1 on page 110.

2 David Sleath has served as Chief Executive of the Company since 28 April 2011.

CEO pay ratio

The table below shows how CEO pay compares to employees at the lower, median and upper quartiles. The ratios have been calculated in accordance with Option A of the The Companies (Miscellaneous Reporting) Regulations 2018. We have again opted for Option A as the preferred method of calculation, as it is the most statistically accurate as recommended by the legislation.

Chart 7: CEO pay ratio

Year:	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
31 December 2024	A	21:1	13:1	9:1
31 December 2023	A	37:1	23:1	16:1
31 December 2022	A	58:1	34:1	23:1
31 December 2021	A	80:1	47:1	27:1
31 December 2020	A	64:1	37:1	23:1
31 December 2019	A	111:1	70:1	40:1
31 December 2018	A	65:1	41:1	24:1

Chart 8: Total UK employee pay and benefits figures used to calculate the 2024 CEO pay ratio

	25th percentile pay (£000)	Median pay (£000)	75th percentile pay (£000)
Salary	59	88	125
Total UK employee pay and benefits	76	124	182

Supporting information for the CEO pay ratio

The Chief Executive's single total figure of remuneration for 2024, detailed further in Chart 1, and employee data as at 31 December 2024, have been used for the purposes of this calculation.

The median CEO pay ratio has decreased when compared against last year (23:1). The main contributor is the decrease in variable remuneration outturns in 2024, which make up a larger proportion of the Chief Executive's total remuneration package. Share-based payments were awarded in 2024 through the all-employee Share Incentive Plan with all participants, including the Chief Executive, in receipt of the same value awarded which helped to achieve further parity.

Additionally, the salary increase received by the Chief Executive in April 2024 was approximately 2 per cent, which was below the average UK employee increase of 5 per cent in the same period.

SEGRO's median CEO pay ratio is 13:1 and the Remuneration Committee considers that the median CEO pay ratio is representative of the pay, reward and progression policies for our UK workforce.

Relative importance of spend on pay

Chart 9: Relative importance of spend on pay

	2024 £m	2023 £m	Increase %
Total dividend	379	327	15.9
Total employee expenditure	63	61	3.3

Remuneration continued
Directors' Remuneration Report continued

Aligning remuneration outcomes to strategy and Company performance

Remuneration and strategy

Our ambition is to be the best property company and SEGRO's remuneration structure is designed to align delivery of annual and long-term out-performance of the Company with the priorities of our major stakeholders. This performance is assessed based on financial and non-financial KPIs linked to the four pillars of our corporate strategy. The remuneration structure and KPIs are listed below and more detail including specifically how each KPI is linked to the strategic pillars and remuneration can be found on pages 30 to 33.

Our strategy



Our Strategic Pillars

Performance measures	KPIs	Operational excellence	Efficient capital & corporate structure	Disciplined capital allocation	Responsible SEGRO
Bonus					
Adjusted PBT (37.5%)	Adjusted EPS	■	■	■	
Rent Roll Growth (37.5%)	Rent Roll Growth	■			
ESG (25%)	<ul style="list-style-type: none"> - Customer satisfaction - Employee engagement - Embodied carbon intensity - Visibility of customer energy use 	■			■
LTIP					
Relative TSR over 3 years	Total Shareholder Return (33.3%)	■	■	■	■
Relative TAR over 3 years	Total Accounting Return (33.3%)		■	■	
Relative TPR over 3 years	Total Property Return (33.3%)			■	
SIP					
PBT v Budget	Adjusted EPS	■	■	■	
Employee Volunteer Days	Employee Volunteer Days				■

All of the above performance measures are integrated directly into both Executive Directors' and employees' remuneration. See page 116 for a comparison of Executive Director and employee remuneration components.

See more on our strategy on **pages 16 and 17**

See more on our KPIs on **pages 30 to 33**

Remuneration continued

Directors' Remuneration Report continued

Workforce Remuneration

Chart 10: Percentage change in Directors' remuneration compared to average employee

	Salary/Fees (% change)					Taxable benefits (% change)					Annual variable pay (% change)				
	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
Average per employee ¹	4.6	9.7	7.7	4.2	6.0	11.2	1.1	2.4	12.4	2.0	-8.4	5.3	0.1	9.4	-2.0
Executive Directors															
David Sleath	2.7	4.5	2.6	8.7	-2.2	4.4	0.0	0.0	4.8	0.0	-29.2	-10.1	-1.5	11.3	-6.1
Soumen Das	2.7	4.5	2.6	14.1	-3.4	11.3	0.6	-11.3	-0.2	0.0	-29.2	-10.1	-1.5	16.8	-6.1
Non-Executive Directors³															
Andy Harrison ²	2.0	5.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Mary Barnard	2.0	5.0	3.0	8.0	-0.6	-	-	-	-	-	-	-	-	-	-
Sue Clayton	2.0	5.0	3.0	8.0	-0.6	-	-	-	-	-	-	-	-	-	-
Carol Fairweather ^{2,5}	10.6	18.6	3.0	8.0	-0.6	-	-	-	-	-	-	-	-	-	-
Simon Fraser ²	1.6	8.1	3.0	-	-	-	-	-	-	-	-	-	-	-	-
Marcus Sperber ⁴	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Linda Yueh ²	2.0	5.0	3.0	-	-	-	-	-	-	-	-	-	-	-	-

1 As there are only a very small number of employees in SEGRO plc, French branch, the 2024 average per employee figure is based on UK employees who have been continually employed for the entirety of 2023 and 2024 and are entitled to receive annual variable payment.

2 Explanations for material changes in prior years are provided in the previous Annual Reports.

3 Fees for Non-Executive Directors have been annualised unless otherwise stated. Non-Executive Directors do not receive any taxable benefits and do not participate in the bonus scheme.

4 Marcus Sperber was appointed as Non-Executive Director on 1 May 2024, accordingly there is no comparator for the previous years.

5 Carol Fairweather received an additional fee for her role as Senior Independent Director and Chair of the Audit Committee. As reported in the 2023 Annual Report, in 2024 the base fee for the Non-Executive Directors and the additional fee for the role of Senior Independent Director were increased by 2 per cent. Carol was appointed as Senior Independent Director in July 2023 and as a result, she received an additional pro-rated fee for this role in 2023.

Alignment of Executive Director and workforce remuneration in 2024

All employees	Element of remuneration	Executive Directors
Group salary budget reviewed by the Remuneration Committee	Salary	Below overall budgeted employee increases
All employees are eligible for Bonus Targets: PBT, RRG, ESG, Personal Performance (weightings based on level)	Bonus	Maximum 150% Targets: PBT (37.5%), RRG (37.5%), ESG (25%)
Leadership team 25% Deferred for 3 years	Deferred Share Bonus Plan	50% Deferred for 3 years
Leadership team and senior managers 3-year performance period No holding period Three equally-weighted targets: TSR, TPR, TAR	Long Term Incentive Plan	Maximum 300% for Chief Executive and 250% for Chief Financial Officer 3-year performance period, 2-year holding period Three equally-weighted targets: TSR, TPR, TAR
(UK) 12% matched contribution	Pension benefit	12% cash
Maximum £3,600 Minimum 3-year hold	Share Incentive Plan	Maximum £3,600 Minimum 3-year hold
(UK) £500/month 3-year savings period	Sharesave	£500/month 3-year savings period

Remuneration continued

Directors' Remuneration Report continued

Employee share ownership

- SEGRO is proud to operate two types of all-employees share schemes. This encourages employees to own shares in the Company, aligning their interests with our shareholders.
- **SIP/GSIP:** all eligible employees can receive an award of up to £3,600 worth of SEGRO shares each year. These are held in Trust on their behalf for a minimum of three years, following which they can be released subject to continued employment.
- **Sharesave:** all UK employees are invited to join Sharesave on an annual basis, where they can save up to £500 a month across all open schemes. After three years, they can use their savings to buy SEGRO shares at a 20 per cent discount to the share price when they started saving.

89%

of SEGRO employees participated in one or more all-employee share scheme, as at 31 December 2024.

£3,600

In May 2024, all eligible employees received £3,600 worth of SEGRO shares through the SIP or GSIP.

63%

of UK employees participate in Sharesave, saving on average £365 each month.

6.8m

As at 31 December 2024, there were 6.8 million SEGRO shares under award in employee share schemes, representing 0.5 per cent of our issued share capital.

Workforce engagement on Executive Remuneration

As detailed on page 88, during the year the Non-Executive Directors held a series of workforce engagement sessions with a cross-section of employees from across the business. In December 2024, Remuneration Committee Chair, Simon Fraser, and Non-Executive Director, Mary Barnard, held an in-person workforce engagement session which covered a variety of topics and also covered Executive Remuneration. Nine employees were selected from a cross-section of employment grades, functions and tenures to provide a variety of perspectives.

Simon outlined the remit of the Committee including the upcoming Directors' Remuneration Policy renewal, as well as the alignment of executive and workforce remuneration and this was considered fair amongst attendees. There followed a discussion of the Company's bonus structure, including the Responsible SEGRO targets, which had been reduced from six to four for the performance year. There was good clarity from the employees attending the engagement session on the bonus structure for Executives compared to the different levels within the business and the attendees expressed that the transparency of progress and overall performance against the bonus targets was effective. There was also a discussion on the new approach to the assessment of the personal performance element of the annual bonus, which had been modified during the year from an assessment of 'what' contribution an individual has made to the business to include an additional assessment of 'how' an individual's contribution during the year is aligned with the Company's culture, values and behaviours. This was seen as a positive development, however attendees sought additional clarity on how they could achieve the higher ratings.

The Directors felt that these sessions remained helpful in understanding employees' views on a range of topics, including Executive Remuneration, and appreciated the insightful, open and honest feedback from the employee attendees. The employees also valued the opportunity to speak directly with the Non-Executive Directors to share their views. Feedback from the session was relayed to the Board and discussed at the December 2024 Board meeting and will inform plans on the evolution of the reward and bonus guidance documentation and a communication plan in 2025.



Further details can be found on **page 88**

Remuneration continued

Directors' Remuneration Report continued

Executive Directors' shareholdings (Audited)

Chart 11: Executive Directors' overall interest in shares

	Beneficial interest (including SIP as at 01.01.2024)	Beneficial interest (including SIP as at 31.12.2024) ¹	Subject to deferral under DSBP	Subject to achievement of performance conditions under LTIP	Subject to two- year holding period under LTIP	Outstanding options under Sharesave	Total overall interest in shares as at 31.12.2024	Shares which contribute to shareholding guidelines as at 31.12.2024 ²	Value of shares which contribute to shareholding guidelines as at 31.12.2024 ³	Salary (as at 31.12.2024)	Value of shareholding as a % of salary
David Sleath	771,599	917,526	175,332	753,720	340,771	3,099	2,190,448	1,191,059	£8,351,706	£798,200	1,046%
Soumen Das	428,467	536,208	130,380	467,067	241,485	3,099	1,378,239	733,296	£5,141,872	£593,500	866%

1 Beneficial interests represent shares beneficially held by each Executive Director, including any shares beneficially held by connected persons as well as shares held on their behalf by the Trustees of the SIP. Between 31 December 2024 and 13 February 2025, there were no changes in respect of the Executive Directors' shareholdings. The Trustees of the SIP held a non-beneficial interest in 432,659 shares as at 1 January 2024, 464,528 shares as at 31 December 2024 (2023: 432,659) and 452,468 shares as at 13 February 2025. The Trustees of the SEGRO plc Employees' Benefit Trust held 254,076 shares as at 1 January 2024 and 490,838 shares as at 31 December 2024 (2023: 254,076). There was no change in their holding between 31 December 2024 and 13 February 2025. As with other employees, Executive Directors are deemed to have a potential interest in these shares, being beneficiaries under these two Trusts. The Trustees of the SEGRO plc Employees' Benefit Trust have waived the right to receive dividends on these shares.

2 The number of shares which contribute towards the shareholding requirement comprise beneficial interests (including SIP shares), shares subject to deferral under DSBP and shares held under LTIP subject to the two-year post-vesting holding period, net of Income Tax and National Insurance, but excludes shares subject to achievement of performance conditions under LTIP and options outstanding under Sharesave.

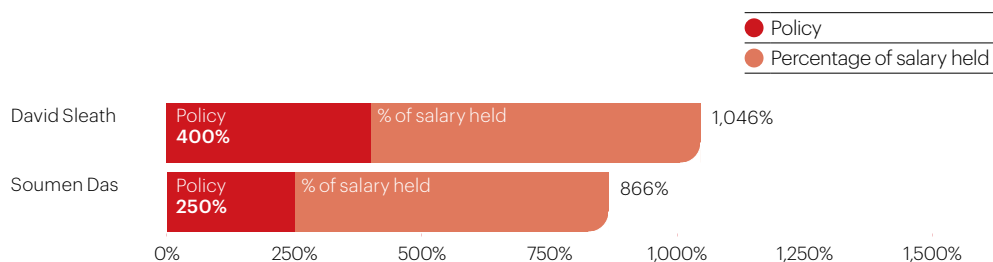
3 Value of shares calculated using a share price of 701.2 pence, as at 31 December 2024.

Chart 12: Policy on shareholding guidelines (Audited)

The Chief Executive is expected to build a shareholding in the Company equivalent to 400 per cent of the value of his base salary, and the other Executive Directors are expected to hold shares equivalent to 250 per cent of their base salaries, which is calculated each year by reference to the share price as at 31 December.

Shares which qualify towards the shareholding guidelines comprise: beneficial interests; LTIP awards which have vested and are subject to a two-year post-vesting holding period, net of Income Tax and National Insurance; and unvested shares in the DSBP, net of Income Tax and National Insurance.

Executive Directors are required to retain half of their DSBP shares post vesting and half of their LTIP shares post holding period until the above guidelines have been met and are then maintained.



Value of shares calculated using a share price of 701.2 pence, as at 31 December 2024.

The shareholding guidelines include a post-cessation requirement for Executive Directors to retain their shareholding, up to the amount required by the shareholding guidelines, for two years after leaving the Company.

Remuneration continued

Directors' Remuneration Report continued

Executive Directors' share scheme holdings (Audited)

Chart 13: DSBP awards outstanding

		Date of Grant	No. of shares under award 01.01.24	No. of shares over which awards were granted during the year ¹	Share price on grant (pence) ²	Face value of award made in 2024 (£)	No. of shares released during the year	Share price on date of release (pence)	No. of shares under award 31.12.24	End of holding period
David Sleath	2020 DSBP	28.06.21	43,885	-	1,110.5	-	43,885	854.8	-	28.04.24
	2021 DSBP	27.06.22	52,835	-	1,027.0	-	-	-	52,835	28.04.25
	2022 DSBP	28.04.23	65,717	-	810.6	-	-	-	65,717	28.04.26
	2023 DSBP ³	26.04.24	-	56,780	843.4	478,883	-	-	56,780	26.04.27
Total			162,437						175,332	
Soumen Das	2020 DSBP	28.06.21	31,099	-	1,110.5	-	31,099	854.8	-	28.04.24
	2021 DSBP	27.06.22	39,289	-	1,027.0	-	-	-	39,289	28.04.25
	2022 DSBP	28.04.23	48,867	-	810.6	-	-	-	48,867	28.04.26
	2023 DSBP ³	26.04.24	-	42,224	843.4	356,117	-	-	42,224	26.04.27
Total			119,255						130,380	

1 Awards are granted in the form of a provisional allocation of shares.

2 The share price on grant is based on the share price for the day before the award.

3 Executive Directors were awarded 122 per cent of salary in respect of the 2023 bonus, 50 per cent of which was deferred into shares under the 2023 DSBP awards.

Remuneration continued

Directors' Remuneration Report continued

Executive Directors' share scheme holdings (Audited) continued

Chart 14: LTIP awards outstanding

	Date of Grant	No. of shares under award 01.01.24	No. of shares over which awards were granted during the year ¹	Share price on grant (pence) ²	Face value of award made in 2024 (£)	No. of shares lapsed during the year	No. of shares vested during the year and subject to two-year holding period	Share price on date of vest (pence)	No. of shares under award 31.12.24	No. of shares released during the year	No. of shares subject to two-year post-vesting holding period at 31.12.24	End of performance period over which performance conditions have to be met ³	End of two-year post-vesting holding period
David Sleath	2019 LTIP	29,0519	-	691.0	-	-	-	-	-	230,680	-	31.12.21	29.05.24
	2020 LTIP	26.03.20	-	786.8	-	-	-	-	-	-	219,877	31.12.22	26.03.25
	2021 LTIP	29.03.21	190,986	-	933.0	-	(70,092)	120,894	891.7	-	120,894	31.12.23	29.03.26
	2022 LTIP	05.05.22	186,709	-	1,162.5	-	-	-	186,709	-	-	31.12.24	05.05.27
	2023 LTIP	24.03.23	303,010	-	737.8	-	-	-	303,010	-	-	31.12.25	24.03.28
	2024 LTIP ⁴	22.03.24	-	264,001	889.2	2,347,497	-	-	264,001	-	-	31.12.26	22.03.29
Total		680,705						753,720		340,771			
Soumen Das	2019 LTIP	29,0519	-	691.0	-	-	-	-	-	171,418	-	31.12.21	29.05.24
	2020 LTIP	26.03.20	-	786.8	-	-	-	-	-	-	155,815	31.12.22	26.03.25
	2021 LTIP	29.03.21	135,341	-	933.0	-	(49,671)	85,670	891.7	-	85,670	31.12.23	29.03.26
	2022 LTIP	05.05.22	115,698	-	1,162.5	-	-	-	115,698	-	-	31.12.24	05.05.27
	2023 LTIP	24.03.23	187,767	-	737.8	-	-	-	187,767	-	-	31.12.25	24.03.28
	2024 LTIP ⁴	22.03.24	-	163,602	889.2	1,454,749	-	-	163,602	-	-	31.12.26	22.03.29
Total		438,806						467,067		241,485			

1 Awards are structured as conditional awards over ordinary shares.

2 The share price on grant is based on the share price for the day before the award.

3 Awards are subject to a three-year performance period and a two-year post-vesting holding period.

4 David Sleath was awarded shares to the value of 300 per cent of salary and Soumen Das was awarded shares to the value of 250 per cent of salary in respect of the 2024 LTIP award. This award is subject to three equally-weighted performance conditions; TSR, TPR and TAR as detailed on page 113.

Chart 15: Sharesave options outstanding

	Date of Grant	No. of shares under option 01.01.24	Options granted during the year	Option price (pence)	Options exercised during the year	Share price on date of exercise (pence)	No. of shares under option 31.12.24 ¹	Period in which options can be exercised
David Sleath	2023 Sharesave	21.04.23	3,099	-	580.80	-	3,099	01.06.26 – 30.11.26
Total			3,099				3,099	
Soumen Das	2023 Sharesave	21.04.23	3,099	-	580.80	-	3,099	01.06.26 – 30.11.26
Total			3,099				3,099	

1 There are no shares under option which have matured but have not been exercised.

Remuneration continued

Directors' Remuneration Report continued

Executive Directors' share scheme holdings (Audited) continued

Chart 16: SIP shares held in trust

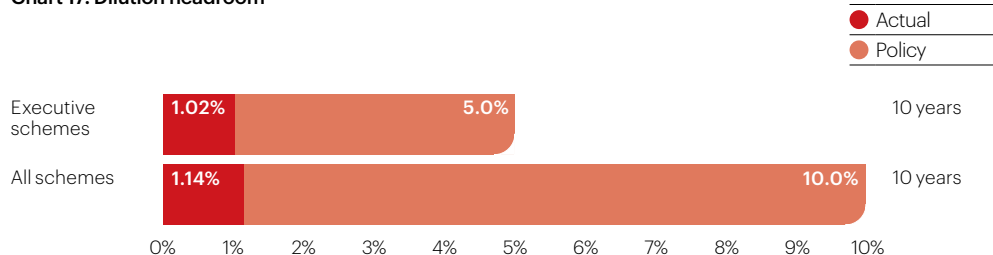
	No. of shares in trust 01.01.24	Shares awarded during the year	No. of shares in trust 31.12.24
David Sleath	9,620	408	10,028
Soumen Das	2,201	408	2,609

Further information about the share schemes can be found in Note 18 to the Financial Statements on page 171.

Dilution headroom

As the LTIP, SIP and Sharesave schemes are approved by shareholders, they may be satisfied by the issue of new shares in the Company, up to the dilution limits set by the Investment Association (IA). The chart below shows the total number of shares under award or option for both Executive and all-employee schemes in comparison to the IA limits over the last 10 years.

Chart 17: Dilution headroom



Chair and Non-Executive Directors

Non-Executive Directors' single total figure of remuneration (Audited)

In 2024, the Chair's annual fee was £374,900 (2023: £367,500), Non-Executive Directors' annual fee was £71,100 (2023: £69,700), with an additional £17,700 per annum (2023: £17,400) for the role of Senior Independent Director and an additional £20,000 per annum (2023: £20,000) for chairing the Audit or Remuneration Committees.

The Chair and Non-Executive Directors do not participate in any of the Company's share-based incentive schemes nor do they receive any other benefits or rights under the pension scheme.

Chart 18: Non-Executive Directors' single total figure of remuneration for 2024 (Audited)

		Total fees	
		2024 (£000)	2023 (£000)
Andy Harrison	Chair	375	368
Mary Barnard		71	70
Sue Clayton		71	70
Carol Fairweather	Chair of the Audit Committee Senior Independent Director	109	98
Simon Fraser	Chair of the Remuneration Committee	91	90
Marcus Sperber ¹		47	-
Linda Yueh		71	70

¹ Marcus Sperber was appointed to the Board as an independent Non-Executive Director on 1 May 2024 and was paid £71,100 pro rata.

Non-Executive Directors' shareholding guidelines (Audited)

The Committee periodically considers the Non-Executive Directors' shareholdings to ensure they remain appropriate and aligned to the interests of shareholders. Non-Executive Directors are expected to reach a share ownership equivalent in value to 100 per cent of their annual fees, within three years from their date of appointment. Where a Non-Executive Director has met the 100 per cent of their annual fees guidance previously, they would be considered to have adhered to the guidelines and are not expected to adjust their holdings with subsequent share price movements.

Chart 19: Non-Executive Directors' beneficial interests in shares and shareholding requirements

	Beneficial interests		Shareholding requirements
	01.01.2024 Ordinary 10p shares	31.12.2024 Ordinary 10p shares	Shareholding requirements met
Andy Harrison	564,755	564,755	Yes
Mary Barnard ¹	12,172	12,507	Yes
Sue Clayton	7,000	7,000	Yes
Carol Fairweather	12,000	20,000	Yes
Simon Fraser	31,440	31,440	Yes
Marcus Sperber ²	-	7,240	No
Linda Yueh	4,716	4,716	Yes

¹ The opening balance for Mary Barnard's shareholding has been corrected since the 2023 Annual Report to include dividend reinvestment shares of 884.

² Marcus Sperber was appointed to the Board on 1 May 2024 and will be expected to build a shareholding equivalent to 100 per cent of annual fees over three years from his date of appointment. For the purpose of this calculation, his fees have been annualised.

There was no change in Directors' interests between 31 December 2024 and 13 February 2025.

Remuneration continued

Directors' Remuneration Report continued

Additional information

External appointments

Executive Directors are permitted to hold one external directorship, approved by the Board. Fees payable may be retained.

David Sleath is a Senior Independent Director of RS Group plc (previously Electrocomponents plc) and he received a fee of £82,601 for this role in 2024 (2023: £81,116).

Soumen Das is a Non-Executive Director of Next plc and he received a fee of £76,195 for his role in 2024 (2023: £73,208).

Payments for loss of office (Audited)

There were no payments for loss of office to Directors during 2024.

Payments to Former Directors (Audited)

Andy Gulliford retired as Chief Operating Officer and Executive Director on 30 June 2023. Full details of his exit arrangements are disclosed in the 2023 Remuneration Report. Andy's 2021 LTIP award vested on 29 March 2024 and in line with previously disclosed exit arrangements, his award was time pro-rated and subject to performance conditions. Based on performance over the period, 63.3 per cent of the award vested (further details are set out on page 113). As a result, 59,293 shares vested and were valued at £575,228 based on the share price on the date of vesting (891.7 pence) and including any accrued dividends. In accordance with the rules of the LTIP, he will be required to retain and will not be permitted to transfer or otherwise dispose of any shares that have vested under the LTIP for a period of two years after the vesting date of each LTIP award. Any dividend equivalents accrued in respect of LTIP awards will be pro-rated in line with the level of vesting of the relevant LTIP award and will be paid in cash at the end of the holding period. There were no other payments to former Directors during the year.

Shareholder voting

Chart 20: Shareholder voting at the 2022 AGM and 2024 AGM

	Votes for (including discretionary)	For (%)	Votes against	Against (%)	Total votes cast	Votes withheld ¹
Directors' Remuneration Report for the financial year ended 31 December 2023 (at the 2024 AGM)	1,111,138,783	97.98	22,941,012	2.02	1,134,079,795	747,153
Directors' Remuneration Policy contained in the Directors' Remuneration Report for the financial year ended 31 December 2021 (at the 2022 AGM)	971,942,873	98.90	10,798,899	1.10	982,741,772	1,423,138

¹ A withheld vote is not a vote in law and is not counted in the calculation of the proportion of votes cast for and against a resolution.

This report was approved by the Board on 13 February 2025 and signed on its behalf by

Simon Fraser

Chair of the Remuneration Committee

Remuneration Committee advisers

The Committee has access to sufficient resources to discharge its duties, which include access to independent remuneration advisers, the Company Secretary, the Group HR Director and other advisers as required.

The Committee is responsible for appointing its external advisers and in 2018, following a competitive tender process, Korn Ferry was appointed. During 2024, Korn Ferry provided advice on the operation and development of the 2025 Policy, Executive Directors' remuneration, and market and best practice guidance, including the provisions of the Code. Its total fees for advice to the Committee in 2024 were £105,958 (2023: £61,563), calculated on a time-cost basis.

The Committee determined that Korn Ferry provided objective and independent remuneration advice and does not have any connections with the Company or its Directors. Korn Ferry provides services to the Company's HR function and the Committee is satisfied that this does not impair its independence. Korn Ferry is a signatory to the Code of Conduct for Remuneration Consultants in the UK.

Remuneration continued

Directors' Remuneration Policy

Determining the Remuneration Policy

The Remuneration Committee (the Committee) is responsible for the development, implementation and review of the Directors' Remuneration Policy (the Policy). In addressing this responsibility, the Committee works with management and external advisers to develop proposals and recommendations. The Committee considers the source of information presented to it, takes care to understand the detail and ensures that independent judgment is exercised when making decisions. The Remuneration Committee works alongside other Board Committees as needed.

The key aim of the Policy is to align the interests of Executive Directors with those of the shareholders by supporting the delivery of strategy. The structure of the remuneration framework is designed to reflect the strategic direction of the business and to align it with the Company's Key Performance Indicators (KPIs). When setting the 2025 Policy, the Committee considered the Company's strategic objectives over both the short and the long term, the external market and market best practice. In addition, the Committee also considered the alignment across the business as well as stakeholder views. A summary of the conditions for employees across the Group and how stakeholder views are taken into account in the 2025 Policy is set out on page 131.

In order to avoid any conflict of interest, remuneration is managed through well-defined processes ensuring that no individual is involved in the decision-making process related to their own remuneration. In particular, the remuneration of all Executive Directors is set and approved by the Committee; none of the Executive Directors are involved in the determination of their own remuneration arrangements.

Each year, with the support of external advisers, the Committee undertakes a review of the remuneration of the Executive Directors. It has oversight of the remuneration of the Leadership team, who are the senior managers immediately below Board level, and sets the remuneration of the Group HR Director and the Company Secretary. It considers the responsibilities, experience and performance of the Executive Directors and pay across the Group.

Changes to the Policy since approval at the 2022 Annual General Meeting (AGM) are outlined in the Chair's letter on pages 105 to 107 and are detailed to the right. The Committee also has the discretion to amend the Policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, in the best interests of the Company, and disproportionate to seek or await shareholder approval.

Subject to approval by shareholders at the 2025 AGM, this Policy will be effective for the 2025 performance year and will apply to incentive awards with performance periods beginning on 1 January 2025. Payments to Directors can only be made if they are consistent with a shareholder approved Policy or amendment to the Policy.

Main changes to the Policy

Our Policy is due to be renewed at our AGM in 2025 and so during the course of this year the Committee has carried out its triennial review of the Policy.

The review concluded that our current Policy is working effectively and generally aligned with institutional investors' 'best practice' expectations. As a result, we are not proposing structural changes to the current arrangements and structures. However, we are proposing a small number of amendments to the Policy to ensure that remuneration remains competitive, and the 2025 Policy is in line with market practice. In summary, the changes proposed are:

- Increasing the maximum annual bonus opportunity from 150 per cent to 200 per cent of salary to reflect the change in size and scope of the business.
- Broadening Remuneration Committee discretion to allow for both upwards and downwards adjustments to the formulaic incentive outcomes, in line with market practice.
- Minor amendments to the Policy to mirror current market and best practice developments including simplifying the Policy where necessary and adding minor additional flexibility needed. The key changes are highlighted below.
 - *Pension*: The wording in the Policy will be amended to reflect that pension levels for the Executive Directors are in line with the majority of the workforce (currently 12 per cent of salary).
 - *Benefits*: the Policy will clarify that the liability to taxation on benefits may also be paid in limited circumstances.
 - *Performance measures*: we intend to refine our Policy wording to make it clearer that non-financial (ESG) measures may be included in the annual bonus and LTIP. While there is no current intention to move away from the current performance measures/weightings, we consider it appropriate to have the flexibility to do so in our Policy over the next three years.
 - *Recruitment and termination payments*: We have provided further clarity on how remuneration elements will be treated in recruitment or termination events (including what happens on a change of control).

Remuneration continued

Directors' Remuneration Policy continued

Chart 1: Remuneration Policy table: Executive Directors

Element	Strategic purpose	Operation	Maximum potential value	Performance metrics
Salary	To attract and motivate high-calibre leaders in a competitive market and to recognise their skills, experience and contribution to Group performance.	The Committee normally reviews Executive Directors' base salaries each year in the context of total remuneration, taking into account the Directors' responsibilities, experience and performance, pay across the Group and market competitiveness.	The maximum annual salary increase will not normally exceed the average increase which applies across the wider workforce. However, larger increases may be awarded in certain circumstances including, but not limited to: an increase in scope or responsibilities of the role; salary progression for a newly appointed Executive Director; and where the Executive Director's salary has fallen significantly below the market positioning.	Not applicable.
Pension benefits	To provide a market competitive remuneration package.	Retirement benefits are available to all UK employees and employees in certain Continental European jurisdictions dependent on local market practice and geographical differences.	Executive Directors are eligible to receive a contribution to pension arrangements or cash in lieu. The maximum Company pension contribution for an Executive Director will be limited to that available to the majority of the UK workforce (currently 12 per cent of salary).	None.
Bonus	To focus on the delivery of annual goals, to strive for superior performance and to achieve specific targets which support strategy, in particular for income generation, ESG ambitions and recurring profit.	<p>Bonuses are awarded annually and paid for performance normally over the full financial year.</p> <p>The Bonus is reviewed each financial year to ensure performance measures and targets are appropriate and support the business strategy.</p> <p>Payment is based on the achievement of performance targets.</p> <p>The Committee has the discretion to override formulaic outturns to ensure incentive payouts reflect underlying business performance, and is aligned to shareholder experience.</p> <p>The rules of the Bonus contain clawback provisions.</p>	The maximum Bonus opportunity for Executive Directors is 200 per cent of salary.	<p>At least 50 per cent of the Bonus will be based on financial metrics (such as Adjusted PBT and Rent Roll Growth). The remainder of the Bonus will be based on the achievement of non-financial objectives (such as ESG related measures).</p> <p>No more than 25 per cent of the relevant portion of the annual bonus is payable for achieving threshold performance, and no more than 50 per cent is payable for meeting target performance, increasing on a graduated scale, reaching 100 per cent for maximum performance, where the performance metric allows for such an approach. For 2025, where practical, metrics will include a stretch target, with a maximum payout of 90 per cent. The Committee retains discretion within Policy to adjust the payout schedule in future years for the stretch target as needed, considering factors such as the level of stretch in the targets or changes in the external environment.</p>
Deferred Share Bonus Plan (DSBP)	To encourage retention of senior managers and provide a long-term link between the Bonus and share price growth so as to encourage long-term decision making.	50 per cent of any Bonus awarded in the year is deferred into shares in the DSBP for three years before vesting. The award does not carry any entitlement to dividends, however the Committee may, at the time of the release of the shares, deliver shares or a cash sum equivalent to the value of the dividends that would have been paid over the three-year holding period. The rules of the DSBP contain malus provisions.	<p>For Executive Directors, 50 per cent of the Bonus earned in respect of the previous year's performance.</p> <p>If it so wished, the Committee could require a higher level of deferral.</p>	Vesting of shares is dependent on continued employment or good leaver status.

Remuneration continued

Directors' Remuneration Policy continued

Chart 1: Remuneration Policy table: Executive Directors continued

Element	Strategic purpose	Operation	Maximum potential value	Performance metrics
Long Term Incentive Plan (LTIP)	To reward the execution of strategy and drive long-term returns for shareholders. The performance measures are selected to align with business strategy. The awards are designed to align the most senior managers' goals with the creation of sustainable growth in shareholder value. The awards will also increase retention of these senior managers.	<p>LTIP awards may be granted in the form of a conditional award or nil-cost option in accordance with the rules of the LTIP.</p> <p>For LTIP awards, dividends will accrue on the LTIP shares which are released on vesting and will be paid in shares or cash.</p> <p>The Committee has the discretion to override formulaic outturns to ensure incentive payouts reflect underlying business performance, and is aligned to shareholder experience.</p> <p>The rules of the LTIP contain malus and clawback provisions.</p>	<p>Maximum 300 per cent of salary in performance shares.</p> <p>If grants are to exceed 250 per cent of salary for Executive Directors other than the Chief Executive, prior consultation with shareholders will take place first.</p>	<p>LTIP awards are subject to stretching performance conditions, which are normally measured over a three-year performance period. A two-year compulsory holding period applies to these LTIP shares after vesting and subject to payment of tax and statutory deductions.</p> <p>Awards will be subject to a combination of long-term measures which are aligned to the shareholder experience and may include shareholder value metrics (such as Total Shareholder Return), financial metrics (such as Total Property Return and Total Accounting Return) and ESG or strategic measures. At least two-thirds of the award will be subject to financial and/or shareholder return measures. The Committee will have discretion to set different measures and weightings for awards in future years to best support the strategy of the business at that time.</p> <p>Threshold performance will result in vesting of no more than 20 per cent of the relevant portion of the LTIP (where the nature of the performance metric allows such an approach).</p>
Sharesave	To provide a market competitive remuneration package and to encourage employee share ownership across the Group.	Sharesave is a HMRC approved scheme open to all eligible UK employees. Savings can be made over a three-year period to purchase shares in the Company at a price which is set at the beginning of the savings period. This price is usually set at a 20 per cent discount to the market price.	Employees may save up to the HMRC limit across all Sharesave grants.	None.
Share Incentive Plan (SIP) and Global Share Incentive Plan (GSIP)	To provide a market competitive remuneration package and to encourage employee share ownership across the Group.	SIP is a HMRC approved scheme open to all eligible UK employees, subject to service. Eligible employees are awarded shares annually up to the HMRC limits. GSIP is designed on a similar basis to SIP, but is not HMRC approved and is operated for non-UK employees.	The maximum award is subject to the HMRC limit.	Award may be based on achievement of a target and is subject to a three-year holding period.

Remuneration continued**Directors' Remuneration Policy** continued**Chart 1: Remuneration Policy table: Executive Directors** continued

Element	Strategic purpose	Operation	Maximum potential value	Performance metrics
Other benefits	To provide a market competitive remuneration package.	Other benefits currently include but are not limited to: car allowance; life assurance; disability insurance; private medical insurance; and health screening. The Committee retains the discretion to offer additional benefits as appropriate, for example, assistance with relocation. Any expenses incurred in carrying out duties will be fully reimbursed by the Company including any personal taxation associated with such expenses. The liability to taxation on benefits may also be paid in limited circumstances.	–	None.
Shareholding guidelines	To increase alignment between Executive Directors and shareholders including for a period post-employment.	The Company requires Executive Directors to build, hold and retain (including after leaving employment) a certain level of shareholding. The way the shareholding guidelines are currently operated is set out on page 118 of the 2024 Directors' Remuneration Report.	–	–

Additional notes

Remuneration Policy: the Policy for the Executive Directors is designed with regard to the pay and benefits for employees across the Group. Currently all employees are eligible for an annual Bonus on the same performance measures which are consistent with those of the Executive Directors, save that those below Board level have a fourth target based on their personal performance. The maximum Bonus opportunity is fixed according to seniority banding across the Company. Currently, the LTIP performance conditions are the same for all participants and the size of awards are determined by seniority.

The Committee retains certain discretions in respect of the operation and administration of the incentive plans under their rules, in addition to the discretions described elsewhere in the Policy.

Subject to consultation with major shareholders, the Committee retains the ability to adjust and/or to set different LTIP and Bonus performance measures if events occur (such as a change in strategy, a material acquisition and/or divestment of a Group business, or change in prevailing market conditions) which cause the Committee to determine that the measures are no longer appropriate and that amendment is required so that they achieve their original purpose.

Payments from existing awards: Executive Directors are eligible to receive payment from any award made prior to the approval. Any outstanding share awards made in accordance with a previous Remuneration Policy will remain in effect and will vest in accordance with the terms under which they were granted.

All historical share awards and bonus arrangements that were granted under any current or previous incentive schemes operated by the Company and remain outstanding remain eligible to vest/payout based on their original terms.

Remuneration continued

Directors' Remuneration Policy continued

Chart 2: Remuneration Policy table: Chair and Non-Executive Directors

Element	Strategic purpose	Operation	Maximum potential value	Performance metrics
Fees	To attract high-calibre Non-Executive Directors and provide market appropriate fees.	<p>Fees are reviewed, normally annually, taking into account relevant market data. Additional fees are payable to reflect the time commitments and additional responsibilities.</p> <p>The fee paid to the Chair is set by the Committee while the fees paid to the Non-Executive Directors are set by the Board.</p> <p>No Director is involved in setting their own remuneration.</p> <p>Non-Executive Directors do not participate in any performance related remuneration and they do not receive any benefits other than reimbursement of business related expenses and any tax that might be charged thereon.</p>	<p>Any increases in the fees of the Chair or the Non-Executive Directors will be based upon changes in roles and responsibilities, and market data.</p> <p>The Company's Articles of Association specify an annual limit on Non-Executive Director fees. Currently, the limit is £1,000,000.</p>	-

Remuneration continued**Directors' Remuneration Policy** continued**Malus and clawback**

Malus and clawback provisions apply to the bonus and awards made under the DSBP and LTIP over the time periods detailed below and may apply in the following circumstances:

- fraud or serious misconduct on the part of the participant;
- a serious misstatement in the Company's financial results;
- an error in assessing performance conditions, resulting in an overpayment;
- when Company performance was achieved as a result of excessive risk taking;
- serious reputational damage; or
- corporate failure.

The periods over which malus and clawback provisions apply are set out in the table below:

Element	Period
Bonus/DSBP	Until the third anniversary of the bonus payment date
LTIP	Until the second anniversary of the vesting date

Incentive plan discretions

The Remuneration Committee can exercise discretion in a number of areas when operating the Company's incentive schemes, in line with the relevant rules of the schemes. These include (but are not limited to):

- the choice of participants;
- the size of awards in any year (subject to the limits set out in the Directors' Remuneration Policy table);
- the extent of payments or vesting in light of the achievement of the relevant performance conditions;
- the determination of good or bad leavers and the treatment of outstanding awards (subject to the provisions of the scheme rules and the Remuneration Policy provisions); and
- the treatment of outstanding awards in the event of a change of control.

In addition, if events occur which cause the Remuneration Committee to conclude that any performance condition is no longer appropriate, that condition may be substituted, varied or waived as is considered reasonable in the circumstances in order to produce a fairer measure of performance that is not materially less difficult to satisfy.

Choice of performance measures for 2025 and approaches to target setting

The performance measures used in the incentives are aligned with the Company's KPIs and the business strategy.

The annual bonus plan performance metrics include a mix of financial targets and non-financial objectives, reflecting the key annual priorities of the Company. The financial metrics determine at least half the bonus and may include Adjusted PBT against budget, which supports the objective of delivering a sustainable, progressive dividend; and rent roll growth which focuses on driving the future rental income of the business. The remainder of the bonus will be based on non-financial measures, for example ESG metrics.

LTIP awards will be subject to a combination of long-term measures which are aligned to the shareholder experience and may include shareholder value metrics (such as Total Shareholder Return), financial metrics (such as Total Property Return and Total Accounting Return) and ESG or strategic measures.

Performance measures for 2025 will be in line with the approach in 2024. The annual bonus will be based on Adjusted PBT (37.5 per cent), Rent Roll Growth (37.5 per cent) and ESG targets (25 per cent). The LTIP will be subject to relative Total Shareholder Return (33 per cent), relative Total Property Return (33 per cent) and relative Total Accounting Return (33 per cent). Further details are set out on page 109.

Targets for incentive plans are set to be stretching but achievable, taking into account internal and external reference points, including internal forecasts and market consensus.

Policy on recruitment

In determining appropriate remuneration for a new Executive Director, the Committee will take into consideration all relevant factors to ensure that arrangements are in the best interests of both the Company and its shareholders. The Committee may make an additional cash and/or share based award in respect of a new appointment to 'buy out' incentive arrangements forfeited on leaving a previous employer. In doing so, the Committee will take account of relevant factors, including any performance conditions attached to these awards, the likelihood of those conditions being met, and the proportion of the vesting period remaining, and will seek to do no more than match the fair value of awards foregone. In limited circumstances where employees are awarded benefits for which Executive Directors are not eligible, such as share retention awards, the Committee would consider honouring existing awards should these employees be appointed to the Board or where an individual is not an Executive Director but still falls within this Policy.

Remuneration continued

Directors' Remuneration Policy continued

Chart 3: Recruitment policy

Component	Approach	Maximum opportunity
Base salary	The base salaries of new appointees will be determined taking into account the experience and skills of the individual, pay across the Group, relevant market data and their previous salary.	–
Bonus	The structure set out in the Remuneration Policy table will apply to new appointees with the relevant maximum being pro-rated for their first year of employment.	200 per cent of salary.
DSBP	The structure set out in the Remuneration Policy table will apply to new appointees.	50 per cent of the Bonus awarded will be deferred.
LTIP	New appointees will be eligible for awards under the LTIP on the same terms as the other Executive Directors.	Maximum 300 per cent of salary in performance shares. Therefore, the maximum level of variable incentive opportunity is 500 per cent of salary (300 per cent of salary in performance shares and 200 per cent of salary annual bonus).
Pension	New appointees will be offered membership of the SEGRO plc Group Personal Pension Plan or a cash alternative.	The contribution available to the majority of the UK workforce (currently a contribution to their pension plan of 12 per cent of salary).
Benefits	Additional benefits in relation to recruitment may be provided where considered appropriate, for example, relocation expenses or allowances, legal fees and other recruitment-related costs may be payable.	–
Internal appointments to the Board	When existing employees are promoted to the Board, the above Policy will apply, from the point where they are appointed to the Board and not retrospectively. In addition, any existing awards will be honoured and form part of ongoing remuneration arrangements.	–
Non-Executive Directors	Fees will be in line with the Remuneration Policy and the fees provided for the other Non-Executive Directors.	–

Remuneration continued**Directors' Remuneration Policy** continued**Policy on termination payments**

The Company retains the right to terminate the service contract of any Executive Director subject to contractually agreed payments in lieu of notice which are limited to annual salary plus any specified benefits. Payments are normally phased over the 12-month notice period, based on the principle of a Director's duty to seek alternative employment and thereby mitigate their loss.

The Committee reserves the right to make additional exit payments where such payments are made in good faith, for example: in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment. In determining compensation, the Committee will take into account the circumstances of the departure, best practice and the provisions of the Code, and will take legal advice on the Company's liability to pay compensation.

For the proportion of the financial year worked, a bonus may be payable pro-rata, subject to performance, at the discretion of the Committee. There will be no bonus payment in respect of any period of notice not worked.

Under the rules of the LTIP and the DSBP, the Committee has discretion to declare a Director leaving the Company to be a 'good leaver' as defined under the respective rules of the schemes in addition to certain prescribed reasons (for example if they leave the Company due to ill health, injury or disability or retirement). In respect of LTIP, this would normally mean that awards would vest on the normal vesting date, subject to the achievement of performance conditions, with any vesting normally pro-rated in accordance with the proportion of the vesting period served. The holding period would normally apply post vesting.

In respect of the DSBP, Executive Directors who are good leavers and are recipients of awards would normally receive some or all of their shares at the end of the holding period.

Where a Director may be entitled to pursue a claim against the Company in respect of their statutory employment rights or any other claim arising from the employment or its termination, the Company will be entitled to negotiate settlement terms (financial or otherwise) with the Director that the Committee considers to be reasonable in all the circumstances and in the best interests of the Company and to enter into a settlement agreement with the Director to effect both the terms agreed under the service agreement and any additional statutory or other claims, including bonus and/or share awards, in line with the policies described above.

The Committee may also provide a contribution towards reasonable legal costs and the provision of outplacement services for an Executive Director leaving the Company.

Where a Director retires, the Committee may provide a retirement gift of such value as is considered reasonable.

Non-Executive Directors are not entitled to any compensation on loss of office.

Policy on service contracts**Executive Directors**

The Company may terminate the Executive Directors' service contract on up to 12 months' notice, with no liquidating damages provisions.

Non-Executive Directors

The Chair and the Non-Executive Directors have letters of appointment which set out their duties and anticipated time commitment to the Company. They are required to disclose to the Board any changes to their other significant commitments. The Non-Executive Directors are appointed for an initial term of three years. The appointments may be extended for further three-year periods on the recommendation of the Nomination Committee and subject to the Board's agreement. The Non-Executive Directors' letters of appointment contain a three-month notice period and the Chair's contains a six-month notice period. Further details are set out in Chart 4 below.

Chart 4: Dates of appointment and contractual notice period

Name	Date of appointment	Notice period
Andy Harrison ¹	1 April 2022	6 months
David Sleath ²	1 January 2006	12 months by Company, 6 months by Director
Soumen Das	16 January 2017	12 months by Company, 6 months by Director
Mary Barnard	1 March 2019	3 months
Sue Clayton	1 June 2018	3 months
Carol Fairweather	1 January 2018	3 months
Simon Fraser	1 May 2021	3 months
Marcus Sperber	1 May 2024	3 months
Linda Yueh	1 May 2021	3 months

¹ Appointed as Chair on 30 June 2022.

² Appointed as Chief Executive on 28 April 2011.

³ Directors' service contracts are available for inspection at the Company's registered office.

Change of control

On a change of control, Executive Directors' incentive awards will be treated in accordance with the rules of the relevant plans. In summary:

- Bonus: Bonus in the year of a change of control may be paid based on the Committee's assessment of performance and, the Committee has the discretion to determine whether or not to pro-rate for the portion of the year elapsed prior to the change of control. DSBP awards would normally vest in full. When assessing performance on a change of control, the Committee can determine performance on such reasonable basis as it considers appropriate, having regard to all of the circumstances.
- LTIP: The rules provide that in the event of a change of control, outstanding share-based awards may vest to the extent that the Committee determines that performance targets are met shortly before the date of the event. Unless the Committee determines that pro-rating would be inappropriate in the circumstances, awards will be pro-rated for time. There is discretion to increase the level of vesting if the Committee believes that exceptional circumstances warrant such treatment. One or more of the performance criteria may be replaced, or the extent to which targets have been met may be determined on a different basis.
- In each case, the Committee is the Remuneration Committee shortly before the change of control takes place.

Remuneration continued

Directors' Remuneration Policy continued

Policy on Executive Directors' external appointments

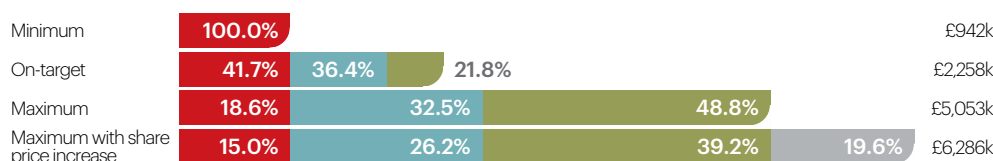
With the support of the Chair and Chief Executive, the Executive Directors may normally be permitted to take one non-executive directorship outside the Group, as these roles can broaden the experience brought to the Board. Such appointments require Board approval and the time commitment the appointment will require is taken into consideration. Executive Directors may retain fees for external appointments.

Performance scenarios

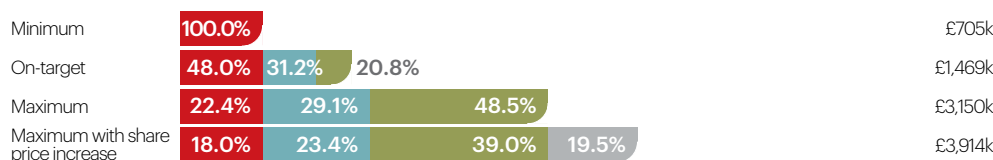
Chart 5 below sets out an indication of the level of remuneration that would be received by each Executive Director in accordance with the incentive opportunities outlined in this Policy on the basis of the latest salary information.

Chart 5: Indication of potential remuneration in first year of policy application

David Sleath



Soumen Das



A summary of the elements included in each scenario are set out below:

- The minimum remuneration payable comprises of base salary and pension contributions for 2025 and the taxable benefits paid in 2024. This is known as fixed pay.
- On target is comprised of the fixed pay mentioned above and assume a 50 per cent payout under the 2025 Annual Bonus and a 20 per cent vesting of the LTIP awards to be made in 2025.
- The maximum scenario assumes 100 per cent payout under the 2025 annual bonus and full vesting of the 2025 LTIP Award.
- Maximum scenario including share price appreciation shows the impact of a 50 per cent share price growth on the maximum available opportunity has been indicated for the 2025 LTIP, which will vest in 2028 and then be subject to a two-year holding period.

Consideration of conditions elsewhere in the Group

The Remuneration Policy for the Executive Directors is designed with regard to the policy for the workforce as a whole. The remuneration approach is consistently applied at levels below the Executive Directors. Key features include:

- employees are eligible for an annual bonus and the performance measures are broadly consistent across the business.
- at senior levels, remuneration is increasingly long-term and 'at risk' with an increased emphasis on performance related pay and share based remuneration.
- remuneration is regularly benchmarked across the Group.
- the level of pension allowance is aligned with the majority of the UK workforce (currently 12 per cent of salary).
- all eligible UK employees are invited to join the Sharesave scheme and are eligible to receive an award under the SIP. The Committee also approves the remuneration of the Executive Committee and other senior executives. The Committee receives updates throughout the year to consider the framework and policies in place for workforce remuneration to ensure their alignment with Executive remuneration and Company culture. The Committee also approves the budget for annual salary increases across the workforce.

Each year, the Non-Executive Directors hold a series of informal engagement sessions with employees from across the business to hear first-hand how they feel about working at SEGRO. This includes a session which covers Executive remuneration to outline the Executive remuneration framework and to answer any questions and receive feedback from employees. This is further detailed in the case study on page 117.

Consideration of shareholder views

The Committee remains committed to open dialogue with shareholders on remuneration. When determining remuneration, the Committee takes into account investor and proxy guidance, and the views of shareholders. In 2024, it undertook a dedicated consultation process to offer meetings with the Committee Chair to discuss the proposed changes to the 2022 Policy and to offer the opportunity to provide feedback, as covered in the Chair's letter on pages 105 to 107. The Committee engaged with our largest 20 investors representing approximately 60 per cent of the share register and based on the feedback received, there were no immediate concerns raised with regards to the proposed changes to the 2022 Policy and as a result no amendments were required to the proposed 2025 Policy.

The Chair of the Remuneration Committee is available for meetings with shareholders should they have any concerns about remuneration matters which they wish to discuss. Please contact companysecretariat.mailbox@SEGRO.com for further information.

Directors' Report

Management Report

The Strategic Report, the Corporate Governance Report and the Directors' Report together form the Management Report for the purposes of the Disclosure Guidance and Transparency Rules (DTR) 4.1.5. and 4.1.8 – 4.1.11R.

Directors' Report disclosures

Certain Directors' Report disclosures, which have been incorporated into the Directors' Report by reference, can be found on the following pages:

Disclosure	Section	Reference
Culture, Purpose and Values	Strategic Report	Pages 16 and 28
Charitable donations	Strategic Report	Page 27
Employee engagement	Strategic Report	Page 28
Diversity and inclusion	Strategic Report	Page 28
Employment, training and advancement of disabled persons	Strategic Report	Page 28
Approach to investing in and rewarding the workforce	Strategic Report	Page 28
Review of the Group's business during the year and any future developments	Strategic Report	Pages 35 to 41
Principal risks	Strategic Report	Pages 54 to 60
Greenhouse gas emissions	Strategic Report	Page 63
Corporate Governance Statement	Governance Report	Page 73
Details of the Directors who served during the year	Governance Report	Pages 76 to 78
Stakeholder engagement	Governance Report	Pages 84 to 88
Board diversity and inclusion	Governance Report	Page 95
Statement of Directors' responsibilities	Governance Report	Page 134
Financial instruments and certain financial risks	Financial Statements	Pages 165 to 170
Post balance sheet events	Financial Statements	Page 177

Share capital

The Company is listed on the London Stock Exchange and, as of 24 November 2020, has a secondary listing on Euronext, Paris.

The issued share capital for the year is set out on page 171.

There is one class of share in issue and there are no restrictions on the voting rights attached to these shares or the transfer of securities in the Company, and all shares are fully paid.

The Company made no purchases of its own shares during the year. The Company was granted authority to make market purchases of its own shares at the 2024 AGM. This authority will expire at the conclusion of the 2025 AGM and a resolution will be proposed to seek further authority.

Recent share history of the Company

For information on the recent share history of the Company, see www.SEGRO.com/investors/shareholder-information/recent-share-history.

Dividends

Subject to approval by shareholders at the 2025 AGM, a final dividend of 20.2 pence per share will be paid (2023: 19.1 pence) bringing the total dividend for 2024 to 29.3 pence (2023: 27.8 pence). The final dividend will be paid as a Property Income Distribution. The Board has decided not to offer a Scrip alternative in respect of the 2024 Final Dividend.

The ex-dividend date for the final dividend will be 27 March 2025, the record date will be 28 March 2025 and the payment date will be 14 May 2025.

Change of control

– Contracts

There are a number of contracts that could allow the counterparties to terminate or alter those arrangements in the event of a change of control of the Company. These arrangements are commercially confidential and their disclosure could be seriously prejudicial to the Company.

– Borrowings and other financial instruments

The Group has a number of borrowing facilities provided by various lenders. These facilities generally include provisions that may require any outstanding borrowings to be repaid or the amendment or termination of the facilities upon the occurrence of a change of control of the Company.

– Employee share plans

The Company's share plans contain provisions as a result of which options and awards may vest or become exercisable on change of control of the Company, in accordance with the rules of the plans.

Modern Slavery and Human Rights

SEGRO operates a Human Rights Policy which brings together a number of our existing policies that relate to human rights such as our Modern Slavery and Labour Standards Supplier Code, and Anti-Slavery and Human Trafficking Policy. Copies of our policies that relate to human rights can be found on our website www.SEGRO.com.

The Company publishes an annual Modern Slavery and Human Trafficking Statement in compliance with the UK Modern Slavery Act 2015. The Board approved the latest statement in June 2024 and it can be found on our website at www.SEGRO.com/modern-slavery.

Modern slavery awareness posters, which contain information on key signs of modern slavery, how and where to access help, and details of our whistleblowing reporting service are displayed on SEGRO development sites and in all our offices. We also deliver targeted modern slavery awareness training to certain employees and teams who should receive further training due to the nature of their role. In particular, teams which deal with suppliers, visit sites and meet contractors more regularly are best placed to more effectively uncover potential instances of modern slavery and human trafficking. In addition, all employees have completed mandatory online training on modern slavery.

Any employee who breaches our Anti-Slavery and Human Trafficking Policy or Human Rights Policy will face disciplinary action, which could result in dismissal for misconduct or gross misconduct. We reserve the right to terminate our relationship with other individuals and organisations working on our behalf if they do not comply with our Modern Slavery and Labour Standards Supplier Code.

Directors' Report continued**Employees and Directors**

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs specifically because of a takeover bid, with the exception of provisions of the Company's share schemes as detailed above.

Directors' authorities in relation to shares

The Directors' authorities in relation to issuing, allotting or buying back shares are governed by the Company's Articles of Association and the resolutions passed by shareholders at a general meeting. These documents do not form part of this Report.

Process for appointment/removal of Directors

The Company is governed by its Articles of Association, the UK Corporate Governance Code, the Companies Act 2006 and related legislation with regard to the appointment and removal of Directors. Directors are appointed by the Board and elected by shareholders. Directors may be removed by the Board or shareholders as applicable.

Substantial interests in the share capital of the Company

Information provided to the Company under the Disclosure Guidance and Transparency Rules (DTR 5) is published on a Regulatory Information Service and on the Company's website. As at 31 December 2024 and 13 February 2025, the Company had been notified of the following holdings:

Shareholder	As at 31 December 2024		As at 13 February 2025	
	Number of shares	Percentage of issued share capital (%) ¹	Number of shares	Percentage of issued share capital (%) ¹
BlackRock, Inc ²	147,898,177	10.92	142,802,103	10.53
Norges Bank	111,520,923	8.33	111,520,923	8.33
APG Asset Management N.V.	73,411,178	5.99	73,411,178	5.99

¹ Percentage based on ordinary shares in issue as at the date the notification was received by the Company.

² On 28 January 2025, Blackrock Inc. notified the Company of a decrease in voting rights to 143,090,886 (representing 10.57 per cent of the Company's issued share capital). On 29 January 2025, Blackrock Inc. notified the Company of a decrease in voting rights to 142,802,103 (representing 10.53 per cent of the Company's issued share capital).

Articles of Association

Shareholders may amend the Company's Articles of Association by special resolution.

Political donations

No political donations were made by the Company or its subsidiaries during the year.

Directors' indemnities and insurance

The Company maintains directors' and officers' liability insurance which is reviewed annually and is permitted under the Company's Articles of Association and the Companies Act 2006. The Company indemnifies each Director, under a Deed of Indemnity, against any liability incurred in relation to acts or omissions arising in the ordinary course of their duties. The indemnity applies only to the extent permitted by law.

No Company Directors were indemnified during the year.

Overseas branches

The Company has a branch in Paris, France.

Auditor of the Company

A resolution to reappoint PricewaterhouseCoopers LLP as auditor of the Company is to be proposed at the 2025 AGM.

Disclosure of information to the Auditor

Each of the persons who is a Director at the date of approval of this Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The Directors' Report has been approved by the Board and signed on its behalf by

Stephanie Murton

Company Secretary
13 February 2025

Statement of Directors' responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with UK-adopted international accounting standards and the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

The Group has also prepared Financial Statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law, Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the Group Financial Statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company Financial Statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Governance section of the Annual Report confirm that, to the best of their knowledge:

- the Group Financial Statements, which have been prepared in accordance with UK-adopted international accounting standards and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company Financial Statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

David Sleath

Chief Executive
13 February 2025

Soumen Das

Chief Financial Officer
13 February 2025

Independent auditors' report to the members of SEGRO plc

Report on the audit of the financial statements

Opinion

In our opinion:

- SEGRO plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2024 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Accounts 2024 (the "Annual Report"), which comprise: the Group and Company Balance Sheets as at 31 December 2024; the Group Income Statement and the Group Statement of Comprehensive Income, the Group Cash Flow Statement, and the Group and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 1 to the financial statements, the group, in addition to applying UK-adopted international accounting standards, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("ISAs") and applicable law. Our responsibilities under ISAs (UK) and ISAs are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by either the FRC's Ethical Standard or Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Other than those disclosed in Note 6 to the Financial Statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole.
- Audit procedures on Rental Income and Valuation of Investment Properties are performed centrally by the group audit team in the UK.
- Full scope audit of SEGRO European Logistics Partnership (SELP) Joint Venture by component auditors and full scope audit of SEGRO plc by the group audit team in the UK.
- In addition, component auditors performed the audit of specific balances and transactions in certain territories.
- Over 95% coverage of total assets of the group

Key audit matters

- Valuation of investment properties (group)
- Valuation of investments in and loans to subsidiaries (parent)

Materiality

- Overall group materiality: £175 million (2023: £173 million) based on 1% of total assets.
- Specific group materiality: £23 million (2023: £20 million) based on 5% of the group's adjusted profit before tax.
- Overall company materiality: £122 million (2023: £118 million) based on 1% of total assets.
- Performance materiality: £132 million (2023: £130 million) (group) and £92 million (2023: £89 million) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Independent auditors' report to the members of SEGRO plc continued

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment properties (group) Refer to the Audit Committee Report and the Financial Statements (including notes to the Financial Statements; Note 1, Material Accounting Policy Information; Note 13, Investment Properties; and Note 25. Property Valuation Techniques, Sustainability and Climate Change Considerations and Related Quantitative Information).</p> <p>We focussed on the valuation of investment properties because investment properties represent the principal element of the net asset value as disclosed in the Balance Sheet in the financial statements and is an area of significant estimation uncertainty. The portfolio is held by the group, and through joint ventures and includes warehouses and light industrial buildings, including data centres. These are concentrated in the UK, France, Germany and Italy. The remainder of the portfolio is located across other European countries including Poland, Spain, the Netherlands and the Czech Republic.</p> <p>The portfolio includes completed investment properties and development properties.</p> <p>The valuation of the group's portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rentals for that particular property. The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, warranted specific audit focus in this area. For development sites, factors include projected costs to complete, time until practical completion and the ability to let if no pre-let agreement is in place.</p> <p>Valuations are carried out by third party valuers CBRE (the 'Valuers'). The Valuers were engaged by the Directors, and performed their work in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Global Standards 2024. The valuations take into account the property-specific information including the current tenancy agreements and rental income, condition and location of the property, and future rental prospects, as well as prevailing market yields and market transactions.</p>	<p>Given the inherent subjectivity involved in the valuation of investment properties, the need for deep market knowledge when determining the most appropriate assumptions, and the technicalities of the valuation methodology, we engaged our internal valuation experts (qualified chartered surveyors) to assist us in our audit of this matter.</p> <p>Assessing the group's external Valuers' expertise and objectivity We assessed the Valuers' qualifications and expertise and read their terms of engagement with the group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered fees and other contractual arrangements that might exist between the group and the Valuers. We found no evidence to suggest that the objectivity of the Valuers was compromised.</p> <p>Testing the valuations assumptions and capital movement: We obtained and read the CBRE valuation reports covering all of the group's investment properties. We held meetings with management and the Valuers, at which the valuations and the key assumptions therein were discussed. We focused on outliers (where the assumptions used and/or year on year capital value movement were out of line with our range of assumptions developed using externally published market data for the relevant sector). To verify that the valuation approach was suitable for use in determining the carrying value for investment properties in the Financial Statements, we:</p> <ul style="list-style-type: none"> – Confirmed that the valuation approach was in accordance with RICS standards; – Obtained valuation details of every property held by the group and developed ranges for each key valuation assumption or capital value movement, determined by reference to published benchmarks and using our experience and knowledge of the market. Compared the investment yields used by the Valuers with the expected range of yields and the year on year capital movement to our expected range; – Assessed the reasonableness of other assumptions that are not readily comparable with published benchmarks; – With the support of our internal valuation experts, we also questioned the external valuers as to the extent to which recent market transactions and expected rental values used in deriving their valuations took into account the impact of climate change and related ESG considerations; and – Verified where there could be alternative use opportunities, that this had been appropriately taken into account. <p>In addition to the above, where assumptions were outside the expected range or otherwise appeared unusual, and/or valuations showed unexpected movements, we undertook further investigations and, when necessary, held further discussions with the Valuers and obtained evidence to support explanations received. The supporting evidence and valuation commentaries provided by the Valuers, enabled us to consider the property specific factors that had or may have had an impact on value, including recent comparable transactions where appropriate.</p> <p>Information and standing data We agreed the amounts per the valuation reports to the accounting records and from there we agreed the related balances through to the Financial Statements. We tested the standing data which the group provided to the Valuers for use in the performance of the valuation. This involved testing controls on a sample basis over the input of lease data for leases and testing the accuracy of lease and other property information. For development properties, we also confirmed that the supporting information for construction contracts and budgets was consistent with the group's records, for example by inspecting construction contracts. For development properties, capitalised expenditure was tested on a sample basis to invoices, and budgeted costs to complete were compared with supporting evidence (for example construction contracts) to support the inputs included within their valuation at the year end.</p> <p>Overall outcome We concluded that the assumptions used in the valuations by the Valuers were supportable in light of the evidence obtained.</p>

Independent auditors' report to the members of SEGRO plc continued

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investments in and loans to subsidiaries (parent) Refer to note 7 (Investments by the Company) to the financial statements which discloses the company's investments in and loans to subsidiaries as at 31 December 2024. This is following the recognition of a provision for impairment on investments in and loans to subsidiaries recognised in the year. The company's accounting policy for investments and loans is to hold them at cost less any impairment. Impairment of the loans is calculated in accordance with International Financial Reporting Standard 9 (Financial Instruments). Investments in subsidiaries are assessed for impairment in line with International Accounting Standard 36 (Impairment of Assets). Given the inherent judgement in assessing both the carrying value of a subsidiary company and the expected credit loss of intercompany loan receivables, this was identified as a key audit matter.</p>	<p>We assessed the accounting policy for investments and loans to subsidiaries to ensure they were compliant with the applicable accounting standards. We obtained the directors' impairment assessment for the recoverability of investments in and loans to subsidiaries as at 31 December 2024. We verified that the methodology used by the directors in arriving at the carrying value of each subsidiary, and the expected credit loss provision for intercompany receivables, was compliant with applicable accounting standards. We identified the key estimate within the assessment for impairment of both the investments and loans to subsidiaries to be the underlying valuation of investment property held by the subsidiaries. For details of our procedures over investment property valuations please refer to the group key audit matter above.</p> <p>We have no matters to report in respect of this work.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group's reportable segments are the two property businesses: United Kingdom (UK) and Continental Europe (CE). In establishing the overall approach to the group audit, we determined the type of work that needed to be performed at reporting components, based on regions and countries within the UK and CE, by us, as the group engagement team, or component auditors operating under our instruction.

The group operates a common IT environment, processes and controls for rental income and payroll across its reported segments. The group's valuation and treasury functions are also based at the corporate centre in the UK. The related balances were therefore largely audited by the group audit team in the UK. Additionally, audits of specific balances and specified procedures were performed by component audit teams, such that the total testing programme provided sufficient audit evidence over all financial statement line items. The SELP Joint Venture was included as being in scope for a full scope audit. As noted above, the work on rental income and valuation of investment properties for the Joint Venture was performed by the group audit team.

We determined the level of involvement we needed to have in the component auditor's work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. We issued formal, written instructions to the component auditors setting out the work to be performed by each of them. Throughout the audit process, the group audit team has been in close contact with the audit teams on location in each region to oversee the audit process. Senior team members also attended the clearance meetings for each component. During the clearance meetings, the results of the work performed by all component teams were discussed. The group engagement team also evaluated the sufficiency of the audit evidence obtained by component teams. Taking into account the components and Joint Ventures subject to a full scope audit, the centralised and other testing performed, coverage over the total assets of the group was over 95%.

In respect of the company financial statements, the group audit team performed a full scope statutory audit.

The impact of climate risk on our audit

In planning our audit, we made enquiries with management to understand the extent of the potential impact of climate change risk on the financial statements. Our evaluation of this conclusion included challenging key judgements and estimates in areas where we considered that there was greatest potential for climate change impact. We particularly considered how climate change risks would impact the assumptions made in the valuation of investment properties as explained in our key audit matter above. We also considered the consistency of the disclosures in relation to climate change made within the Annual Report, the financial statements and the knowledge obtained from our audit.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£175 million (2023: £173 million).	£122 million (2023: £118 million).
How we determined it	1% of total assets	1% of total assets
Rationale for benchmark applied	The primary measurement attribute of the group is the carrying value of property investments. On this basis, we set an overall group materiality level based on total assets.	The primary measurement attribute of the company is the carrying value of investments in subsidiaries. On this basis, we set an overall company materiality level based on total assets.

Independent auditors' report to the members of SEGRO plc continued

In addition to overall group materiality, a specific materiality was also applied to group Income Statement line items that impact adjusted earnings, which is based on profit before tax, adjusted to exclude fair value gain/(losses) on investment property and derivatives and impairment loss on loan due from associate. We set a specific materiality level of £23 million (2023: £20 million), equating to 5% of adjusted profit before tax.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £36 million and £130 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £132 million (2023: £130 million) for the group financial statements and £92 million (2023: £89 million) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £9 million (group audit) (2023: £9 million) and £6 million (company audit) (2023: £5 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Procedures to identify events or conditions that may cast significant doubt on the ability to continue as a going concern and whether or not a material uncertainty related to going concern exists;
- Obtaining the Directors' assessment of going concern and assessing the impact and the basis for the downside stress scenarios that have been applied;
- Tested the integrity of the underlying formulas and calculations within the going concern and cashflow models;
- Evaluation and corroboration of management's significant assumptions used to assess going concern. This includes upcoming debt maturities, contracted capital expenditure and operational cash flows, and whether or not they are appropriate in the context of changes from prior periods and align with our understanding of the entity and other relevant areas of the entity's business activities;
- Review of potential financial or non-financial debt covenant defaults leading to acceleration of repayment of borrowing facilities; and
- Assessing the group and company's liquidity and whether the entity has adequately disclosed all required going concern events and conditions.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the members of SEGRO plc continued

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Independent auditors' report to the members of SEGRO plc continued

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the Real Estate Investment Trust (REIT) status and SIIIC regime and the UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue, and management bias in accounting estimates and judgemental areas of the Financial Statements such as valuation of investment properties. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and review of the reports made by internal audit;
- Understanding management's internal controls designed to prevent and detect irregularities;
- Assessment of matters, if any, reported on the group's whistleblowing helpline and the results of management's investigation of such matters;
- Reviewing the group's litigation register in so far as it related to non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Board of Directors and the Audit Committee;
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing;
- Review of tax compliance with the involvement of our tax specialists in the audit;
- Procedures relating to the valuation of investment properties described in the related key audit matter above; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements in accordance with ISAs (UK) is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent auditors' report to the members of SEGRO plc continued

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group and company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group and company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 22 April 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is nine years, covering the years ended 31 December 2016 to 31 December 2024.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Richard Porter (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 February 2025

Group Income Statement For the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Revenue	4	675	749
Costs	5	(144)	(161)
		531	588
Administrative expenses	6	(76)	(63)
Share of profit/(loss) from joint ventures and associates after tax	7	53	(76)
Realised and unrealised property gains and losses	8	195	(601)
Impairment loss on loan due from associate	17(vi)	-	(28)
Operating profit/(loss)		703	(180)
Finance income	9	92	84
Finance costs	9	(159)	(167)
Profit/(loss) before tax		636	(263)
Tax	10	(42)	10
Profit/(loss) after tax		594	(253)
Earnings per share (pence)			
Basic	12	44.7	(20.7)
Diluted	12	44.6	(20.7)

Group Statement of Comprehensive Income For the year ended 31 December 2024

	2024 £m	2023 £m
Profit/(loss) for the year	594	(253)
Items that may be reclassified subsequently to profit or loss		
Foreign exchange movement arising on translation of international operations	(172)	(61)
Fair value movements on derivatives and borrowings in effective hedge relationships	95	35
	(77)	(26)
Tax on components of other comprehensive expense	-	-
Other comprehensive expense	(77)	(26)
Total comprehensive income/(expense) for the year	517	(279)

Balance Sheets As at 31 December 2024

	Notes	Group		Company	
		2024 £m	2023 £m	2024 £m	2023 £m
Assets					
Non-current assets					
Intangible assets		37	30	-	-
Investment properties	13	15,303	14,914	-	-
Other interests in property		17	26	-	-
Property, plant and equipment		34	28	1	1
Investments in subsidiaries	7	-	-	11,896	11,413
Investments in joint ventures and associates	7	1,552	1,636	-	-
Other investments		12	10	-	-
Other receivables	14	2	8	-	-
Derivative financial instruments	17	48	47	48	47
		17,005	16,699	11,945	11,461
Current assets					
Trading properties		6	3	-	-
Trade and other receivables	14	178	195	34	40
Tax asset		19	25	-	-
Derivative financial instruments	17	3	8	3	8
Cash and cash equivalents	16	363	376	266	294
		569	607	303	342
Total assets		17,574	17,306	12,248	11,803
Liabilities					
Non-current liabilities					
Borrowings	16	4,607	5,347	3,253	3,925
Deferred tax liabilities	10	192	192	-	-
Trade and other payables	15	70	74	2,124	2,088
Derivative financial instruments	17	75	97	75	97
		4,944	5,710	5,452	6,110
Current liabilities					
Trade and other payables	15	502	614	56	63
Borrowings	16	-	1	-	-
Derivative financial instruments	17	44	52	44	52
Tax liabilities		35	25	1	-
		581	692	101	115
Total liabilities		5,525	6,402	5,553	6,225
Net assets		12,049	10,904	6,695	5,578

	Notes	Group		Company	
		2024 £m	2023 £m	2024 £m	2023 £m
Equity					
Share capital	18	135	123	135	123
Share premium	19	4,569	3,577	4,569	3,577
Capital redemption reserve	19	114	114	114	114
Own shares held	19	(4)	(2)	(4)	(2)
Other reserves	19	124	204	220	224
Retained earnings ¹		7,111	6,888	1,661	1,542
Total equity		12,049	10,904	6,695	5,578
Net assets per ordinary share (pence)					
Basic	12	891	889		
Diluted	12	889	886		

1 The profit of SEGRO plc (Company) in 2024 was £499 million (2023: £767 million).

The Financial Statements of SEGRO plc (registered number 167591) on pages 142 to 183 were approved by the Board of Directors and authorised for issue on 13 February 2025 and signed on its behalf by:

David Sleath
Chief Executive

Soumen Das
Chief Financial Officer

Statements of Changes in Equity For the year ended 31 December 2024

Group	Ordinary share capital £m	Share premium £m	Capital redemption reserve ¹ £m	Own shares held ¹ £m	Other reserves			Retained earnings £m	Total equity £m
					Share-based payments reserves ¹ £m	Translation, hedging and other reserves ¹ £m	Merger reserve ¹ £m		
Balance at 1 January 2024	123	3,577	114	(2)	28	7	169	6,888	10,904
Profit for the year	-	-	-	-	-	-	-	594	594
Other comprehensive expense	-	-	-	-	-	(77)	-	-	(77)
Total comprehensive income/(expense) for the year	-	-	-	-	-	(77)	-	594	517
Transactions with owners of the Company									
Issue of shares	11	878	-	-	-	-	-	-	889
Own shares acquired	-	-	-	(5)	-	-	-	-	(5)
Equity-settled share-based transactions	-	-	-	3	(3)	-	-	8	8
Dividends	1	114	-	-	-	-	-	(379)	(264)
Total transaction with owners of the Company	12	992	-	(2)	(3)	-	-	(371)	628
Balance at 31 December 2024	135	4,569	114	(4)	25	(70)	169	7,111	12,049

¹ See Note 19.

For the year ended 31 December 2023

Group	Ordinary share capital £m	Share premium £m	Capital redemption reserve ¹ £m	Own shares held ¹ £m	Other reserves			Retained earnings £m	Total equity £m
					Share-based payments reserves ¹ £m	Translation, hedging and other reserves ¹ £m	Merger reserve ¹ £m		
Balance at 1 January 2023	121	3,449	114	(1)	25	33	169	7,463	11,373
Loss for the year	-	-	-	-	-	-	-	(253)	(253)
Other comprehensive expense	-	-	-	-	-	(26)	-	-	(26)
Total comprehensive expense for the year	-	-	-	-	-	(26)	-	(253)	(279)
Transactions with owners of the Company									
Issue of shares	-	1	-	-	-	-	-	-	1
Own shares acquired	-	-	-	(4)	-	-	-	-	(4)
Equity-settled share-based transactions	-	-	-	3	3	-	-	5	11
Dividends	2	127	-	-	-	-	-	(327)	(198)
Total transaction with owners of the Company	2	128	-	(1)	3	-	-	(322)	(190)
Balance at 31 December 2023	123	3,577	114	(2)	28	7	169	6,888	10,904

¹ See Note 19.

Statements of Changes in Equity continued

For the year ended 31 December 2024

Company	Ordinary share capital £m	Share premium £m	Capital redemption reserve ¹ £m	Own shares held ¹ £m	Other reserves			Retained earnings £m	Total equity £m
					Share-based payments reserves £m	Translation, hedging and other reserves £m	Merger reserve ¹ £m		
Balance at 1 January 2024	123	3,577	114	(2)	8	47	169	1,542	5,578
Profit for the year	-	-	-	-	-	-	-	499	499
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	499	499
Transactions with owners of the Company									
Issue of shares	11	878	-	-	-	-	-	-	889
Own shares acquired	-	-	-	(5)	-	-	-	-	(5)
Equity-settled share-based transactions	-	-	-	3	(4)	-	-	(1)	(2)
Dividends	1	114	-	-	-	-	-	(379)	(264)
Total transaction with owners of the Company	12	992	-	(2)	(4)	-	-	(380)	618
Balance at 31 December 2024	135	4,569	114	(4)	4	47	169	1,661	6,695

1 See Note 19.

For the year ended 31 December 2023

Company	Ordinary share capital £m	Share premium £m	Capital redemption reserve ¹ £m	Own shares held ¹ £m	Other reserves			Retained earnings £m	Total equity £m
					Share-based payments reserves £m	Translation, hedging and other reserves £m	Merger reserve ¹ £m		
Balance at 1 January 2023	121	3,449	114	(1)	9	47	169	1,104	5,012
Profit for the year	-	-	-	-	-	-	-	767	767
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	767	767
Transactions with owners of the Company									
Issue of shares	-	1	-	-	-	-	-	-	1
Own shares acquired	-	-	-	(4)	-	-	-	-	(4)
Equity-settled share-based transactions	-	-	-	3	(1)	-	-	(2)	-
Dividends	2	127	-	-	-	-	-	(327)	(198)
Total transaction with owners of the Company	2	128	-	(1)	(1)	-	-	(329)	(201)
Balance at 31 December 2023	123	3,577	114	(2)	8	47	169	1,542	5,578

1 See Note 19.

Cash Flow Statement For the year ended 31 December 2024

	Notes	Group	
		2024 £m	2023 £m
Cash flows from operating activities			
Cash generated from operations	24(i)	459	584
Interest received		75	37
Dividends received		29	38
Interest paid		(209)	(199)
Cost of early close out of interest rate derivatives and new interest rate derivatives transacted		(7)	(4)
Cost of early close out of debt		-	(1)
Tax paid		(17)	(24)
Net cash received from operating activities		330	431
Cash flows from investing activities			
Purchase and development of investment properties ¹		(1,000)	(839)
Sale of investment properties		623	352
Acquisition of other interests in property		(4)	(3)
Refunds from other interests in property		11	-
Purchase of plant and equipment and intangibles		(24)	(29)
Acquisition of other investments		(2)	(2)
Investment and loans to joint ventures and associates		(3)	(12)
Divestment from and repayment of loans by joint ventures and associates		30	7
Net cash used in investing activities		(369)	(526)
Cash flows from financing activities			
Dividends paid	11	(277)	(185)
Proceeds from borrowings	24(iii)	419	961
Repayment of borrowings	24(iii)	(999)	(444)
Principal element of lease payments	24(iv)	(2)	(2)
Settlement of foreign exchange derivatives		1	(2)
Purchase of non-controlling interest		-	(16)
Proceeds from issue of ordinary shares	18	889	1
Purchase of ordinary shares		(5)	(4)
Net cash generated from financing activities		26	309
Net (decrease)/increase in cash and cash equivalents		(13)	214
Cash and cash equivalents at the beginning of the year		376	162
Effect of foreign exchange rate changes		-	-
Cash and cash equivalents at the end of the year	16	363	376

1 Cash payment for the purchase and development of investment properties of £1,000 million (2023: £839 million) represents total costs for property acquisitions and additions to existing investment properties per Note 13 of £993 million (2023: £964 million) adjusted for the following cash and non-cash movements: deducts interest capitalised of £67 million (2023: £64 million) and includes net movement in capital related accruals, prepayments and VAT of £74 million (2023: deducts £61 million).

Notes to the Financial Statements For the year ended 31 December 2024

1. Material Accounting Policy Information

General information

SEGRO plc (the Company) is a public limited company, limited by shares, incorporated, domiciled and registered in England in the United Kingdom under the Companies Act. The address of the registered office is given on the inside back cover.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the Strategic Report on pages 1 to 2.

These Financial Statements are presented in pounds sterling to the nearest million because that is the currency of the primary economic environment in which the Group operates and is the functional currency of the Company.

Basis of preparation

The Group Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. UK adopted International Accounting Standards differs in certain respects from International Financial Reporting Standards as adopted by the EU. The differences have no material impact on the Financial Statements for the periods presented, which therefore also comply with International Reporting Standards as adopted by the EU. In addition, the Group has also disclosed additional measures relating to the Best Practice Recommendations Guidelines issued by the European Public Real Estate Association (EPRA) as appropriate, as discussed further in Note 2 and Note 12.

The Company Financial Statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced disclosure Framework* (FRS 101) and the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. Previously the Company Financial Statements were prepared in accordance with UK-adopted IAS and transitioning to FRS 101 for the year ended 31 December 2024, the Company has made no measurement and recognition adjustments. The Directors have taken advantage of the exemption offered by section 408 of the Companies Act 2006 not to present a separate income statement and statement of comprehensive income for the Company.

In these Financial Statements, the Company has applied the exemptions under FRS 101 in respect of the following disclosures:

- IAS 7 'Statement of Cash Flows' and related notes
- Disclosure in respect of transactions with wholly owned subsidiaries
- The effects of new but not yet effective IFRSs
- Paragraph 17 of IAS 24 'Related Party Disclosures'

As the Group financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The requirements of paragraphs 91–99 of IFRS 13 'Fair Value Measurement' to disclose information of fair value valuation techniques and inputs
- Disclosures required by IFRS 7 'Financial Instruments: Disclosures'

The Financial Statements have been prepared on a going concern basis. As discussed in the Financial review on page 46, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the Financial Statements. At 31 December 2024 the Group held cash and available committed facilities of £1.7 billion (Company: £1.7 billion) with a long-dated debt maturity profile. This provides significant liquidity to meet the Group's and Company's refinancing requirements of maturing debt, operational requirements and capital commitments for the foreseeable future. The financial covenants have been stress tested and substantial headroom exists against the gearing and interest cover covenants at 31 December 2024 and the covenants are not expected to be breached for a period of at least 12 months from the date of approval of the Financial Statements.

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of properties and certain financial assets and liabilities including derivatives.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group and Company Financial Statements.

New and amended standards adopted

The Group and Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2024:

- Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities
- Amendments to IFRS 16, Leases on sale and leaseback
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

The amendments did not have a material impact on the amounts recognised in the prior or current period and are not expected to significantly affect future periods.

New standards and amendments not yet adopted

Certain new accounting standards and amendments are effective for annual periods beginning after 1 January 2024, and have not been applied in preparing these Financial Statements:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability
- Amendments to IFRS 9 and IFRS 7, Classification and Measurement of Financial Instruments
- IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'
- IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18 will replace IAS 1 Presentation of financial statements and effective for annual periods beginning on or after 1 January 2027. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but its impacts on presentation and disclosure is expected to be material. Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements.

The other standards and amendments that are not yet effective are not expected to have a material impact on the Group in the current or future reporting periods and on the foreseeable future transactions.

Notes to the Financial Statements continued

Basis of consolidation

The consolidated Financial Statements comprise the Financial Statements of the Company and the Subsidiaries ('the Group'), plus the Group's share of the results and net assets of its joint ventures and associates.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Investments and loans in subsidiaries held by the Company

Investments and loans in subsidiaries held by the Company are stated at cost less any impairment. Impairment of loans is calculated in accordance with IFRS 9 and impairment of investments is calculated in accordance with IAS 36 with further details provided in Note 7(iv).

Joint ventures

A joint venture is a contract under which the Group and other parties undertake an activity or invest in an entity, under joint control. The Group uses equity accounting for such entities, carrying its investment at cost plus the movement in the Group's share of net assets after acquisition, less impairment.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20 per cent and 50 per cent of the voting rights. The Group uses equity accounting for such entities, carrying its investment at cost plus the movement in the Group's share of net assets after acquisition, less impairment.

Where the Group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment on the asset transferred.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the Income Statement as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 'Non Current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the Income Statement.

The interest of non-controlling interest shareholders in the acquiree is initially measured at their proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IFRS 9, as appropriate, with the corresponding gain or loss being recognised in the Income Statement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the Income Statement within realised and unrealised property gains and losses. The same treatment is applied for acquisitions of a subsidiary achieved in stages that meet the IFRS 3 concentration test to be treated as an asset acquisition.

For acquisitions of a subsidiary that meet the IFRS 3 concentration test to be treated as an asset acquisition, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisition. Such transactions do not give rise to goodwill, generally no deferred tax is recognised on initial temporary differences and transaction costs are capitalised. The Group has elected to initially measure the interest of non-controlling interest shareholders in the acquiree at their proportion of the acquisition date net fair value of the assets, liabilities and contingent liabilities recognised.

Notes to the Financial Statements continued

Foreign currency transactions

Foreign currency transactions are translated to the respective functional currency of Group entities at the foreign exchange rate ruling on the transaction date. Foreign exchange gains and losses resulting from settling these, or from retranslating monetary assets and liabilities held in foreign currencies, are booked in the Income Statement. The exception is for foreign currency loans and derivatives that hedge investments in foreign subsidiaries, where exchange differences are booked in equity until the investment is realised.

Consolidation of foreign entities

Assets and liabilities of foreign entities are translated into sterling at exchange rates ruling at the Balance Sheet date. Their income, expenses and cash flows are translated at the average rate for the period or at spot rate for significant items. Resultant exchange differences are booked in Other Comprehensive Income and recognised in the Group Income Statement when the operation is sold.

The principal exchange rates used to translate foreign currency denominated amounts in 2024 are:

Balance Sheet: £1 = €1.21 (2023: £1 = €1.15). Income Statement: £1 = €1.18 (2023: £1 = €1.15).

Investment properties

These properties include completed properties that are generating rent or are available for rent, and development properties that are under development, available for development or income-producing properties acquired with the explicit intention to take back for redevelopment ('covered land'). Investment properties comprise freehold and leasehold properties and are first measured at cost (including transaction costs), then revalued to market value at each reporting date by professional valuers. Lease liabilities associated with leasehold properties are accounted for under IFRS 16, see the Leases accounting policy. If a valuation obtained for a property held under a lease is net of all payments expected to be made, any related lease liability recognised separately in the Balance Sheet is added back to arrive at the carrying value of the investment property for accounting purposes. Valuation gains and losses in a period are taken to the Income Statement. As the Group uses the fair value model, as per IAS 40 'Investment Property', no depreciation is provided. An asset will be classified as held for sale within investment properties, in line with IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations', where the asset is available for immediate sale in its present condition and the sale is highly probable.

Investment properties are transferred to trading properties when there is a change in use and the property ceases to meet the definition of investment property.

Other interests in property

Other interests in property include the cost and related fees in respect of land options, which are initially capitalised and regularly tested for impairment. The impairment review includes consideration of the resale value of the option and likelihood of achieving planning consent.

Property acquisitions and disposals

Properties are treated as acquired at the point when the Group assumes the control of ownership and as disposed when transferred to the buyer. Generally, this would occur on completion of the contract. Any gain or loss arising on de-recognition of the property, which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period, is included in profit or loss in the period in which the property is derecognised. Gains or losses on disposal of investment properties are shown in the Income Statement within realised and unrealised property gains and losses.

Leases

At inception, the Group assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset.

The Group recognises a right-of-use (ROU) asset and the lease liability at the commencement date of the lease.

Lease liabilities include the present value of payments which generally include fixed payments and variable payments that depend on an index (such as an inflation index). When the lease contains an extension or purchase option that the Group considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Each lease payment is allocated between the liability and finance cost. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined or if not, the incremental borrowing rate is used. The finance cost is charged to profit or loss over the lease period so as to produce a constant rate of interest on the remaining balance of the liability for each period.

Cash payments relating to the principal portion of the lease liabilities are presented as cash flows from financing activities and cash payments for the interest portion are presented as cash flows from operating activities.

The ROU asset is measured at a cost based on the amount of the initial measurement of the lease liability, plus initial direct costs and the cost of obligations to refurbish the asset, less any incentives received.

The ROU asset (other than the ROU assets that relate to land or property that meets the definition of investment property under IAS 40) is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment. ROU assets are included in the heading property, plant and equipment, and the lease liability included in the headings current and non current trade and other payables on the Balance Sheet.

Notes to the Financial Statements continued

Where the ROU asset relates to land or property that meets the definition of investment property under IAS 40, after initial recognition the ROU asset is subsequently accounted for as investment property and carried at fair value (see Investment properties accounting policy). Valuation gains and losses in a period are taken to the Income Statement. The ROU assets are included in the heading Investment properties, and the lease liability in the headings current and non-current trade and other payables on the Balance Sheet.

The Group has elected not to recognise ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or for low value leases. The payments for such leases are recognised in the Income Statement on a straight-line basis over the lease term.

Revenue

Revenue includes gross rental income, joint venture management and performance fee income, income from service charges and other recoveries from tenants and proceeds from the sale of trading properties.

Rental income

Rental income from properties let as operating leases is recognised on a straight-line basis over the lease term. Lease incentives and initial costs to arrange leases are capitalised, then amortised on a straight-line basis over the lease term ('rent averaging'). Surrender premiums received in the period are included in rental income.

Changes in the scope or the consideration for a lease, that was not part of the original terms and conditions, which might arise as a result of lease concessions, are accounted as a lease modification. Lease modifications are accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. Concessions granted to tenants after the date the conceded rent fall due are accounted for as an expected credit loss and not as a lease modification, on the basis there is no change to the consideration or scope of the lease.

Service charges and other recoveries from tenants

These include income in relation to service charges, directly recoverable expenditure and management fees. Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue from services is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided and recognised over time. The Group generally acts as the principal in service charge transactions as it directly controls the delivery of the services at the point they are provided to the tenant. Where the Group acts as a principal, service charge income is presented gross within revenue and service charge expense presented gross within costs.

Joint venture management and performance fees

Joint venture management and performance fees are recognised as income in the period to which they relate. Management fees are recognised in the accounting period in which the services are rendered. Revenue from services is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided and recognised over time. Performance fees are based on the joint venture's performance over the performance period and payable subject to meeting certain criteria and hurdle rates at the end of the period (further details are given in Note 7). Performance fees are recognised during and at the end of the performance period to the extent that it is highly probable there will not be a significant future reversal and the fee can be reliably estimated.

Sale of trading properties

Proceeds from the sale of trading properties are recognised at the point in time at which control of the property has been transferred to the purchaser. Therefore, revenue is recognised at a point in time and generally occurs on completion of the contract.

Property, plant and equipment

Plant and equipment are stated at historic cost less accumulated depreciation. Cost includes purchase price and any directly attributable costs.

Depreciation is recognised so as to write off the cost or valuation of assets (other than investment properties) less their residual values, using the straight-line method, on the following bases:

Plant and equipment	20% per annum
Solar panels	5% per annum

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property relates to the ROU asset recognised for office leases entered into by the Group. The ROU asset is initially measured based on the present value of lease payments, plus initial direct costs and the cost of obligations to refurbish the asset, less any incentives received. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset.

Financial instruments

Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in the Income Statement over the period of the borrowings, using the effective interest rate method.

General and specific borrowing costs that are directly attributable to expenditure on properties under development are capitalised. Expenditure includes the purchase cost of a site if it has been purchased with the specific intention to redevelop. Interest is capitalised from the commencement of the development activity until the date of practical completion. The capitalisation of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. The interest capitalised is calculated using the Group's weighted average cost of borrowing for the relevant currency, or, if appropriate, the rate on specific associated borrowings.

Notes to the Financial Statements continued

Derivative financial instruments and hedging activities

The Group uses derivatives (principally interest rate swaps, currency swaps, forward foreign exchange contracts, interest floors and interest caps) in managing interest rate risk and foreign currency risk, and does not use them for trading. They are recorded, and subsequently revalued, at fair value, with revaluation gains or losses being immediately taken to the Income Statement (fair value through profit or loss 'FVPL'). The exception is for derivatives qualifying as hedges, when the treatment of the gain/loss depends upon the item being hedged, and may go to other comprehensive income within the Statement of Comprehensive Income (fair value through other comprehensive income 'FVOCI').

Derivatives with a maturity of less than 12 months or that expect to be settled within 12 months of the Balance Sheet date are presented as current assets or liabilities. Other derivatives are presented as non-current assets or liabilities.

Hedge accounting is applied to net investments in foreign operations in non-functional currencies using forward foreign exchange derivatives and foreign currency denominated debt. Changes in the fair value on remeasurement of derivatives and exchange differences on foreign currency denominated debt are recorded in other comprehensive income and accumulated in the translation reserve within equity to the extent that the hedges are effective. Any ineffectiveness is recognised in the Income Statement within net finance costs. The cumulative gains and losses remain in equity until the associated hedged item is disposed of, at which point they are reclassified to the income statement.

Trade and other receivables and payables

Trade and other receivables are booked at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are initially measured at fair value, net of transaction costs and subsequently measured at amortised costs using the effective interest method.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECLs) which uses a lifetime expected loss allowance for all trade receivables. Note 17(vi) details the Group's calculation for measuring ECLs.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Share-based payments

The cost of granting share options and other share-based remuneration is measured at their fair value at the grant date. The costs are expensed straight-line over the vesting period in the Income Statement, based on estimates of the shares or options that will eventually vest. Charges are reversed if it appears that non-market-based performance conditions will not be met.

The fair value excludes the effect of non-market-based vesting conditions.

At each Balance Sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity within the share-based payment reserve.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

Shares held by Ocorian Limited and Equiniti Limited to satisfy various Group share schemes are disclosed as own shares held and deducted from contributed equity.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the tax payable on the taxable income for the year and any adjustment in respect of previous years. Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income.

Deferred tax is provided in full using the Balance Sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

No provision is made for temporary differences (i) arising on the initial recognition of assets or liabilities, other than a business combination and leases that affect neither accounting nor taxable profit and (ii) relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that suitable taxable profits will be available against which deductible temporary differences can be utilised.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revisions and future periods if the revision affects both current and future periods.

Notes to the Financial Statements continued**Significant areas of estimation uncertainty****Property valuations**

Valuation of property is a central component of the business. In estimating the fair value, the Group engages third-party qualified valuers to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of the property portfolio is disclosed in Note 25 Property valuation techniques and related quantitative information.

Significant areas of judgements in applying the Group's accounting policies**Accounting for significant property transactions**

Property transactions are complex in nature. Management considers each material transaction separately, with an assessment carried out to determine the most appropriate accounting treatment and judgements applied. The judgements include whether the transaction represents an asset acquisition or business combination and the cut-off for property transactions on recognition of property assets and revenue recognition. In making its judgement over the cut-off for property transactions, management considers whether the control of ownership of the assets acquired or disposed of has transferred to or from the Group (this consideration includes the revenue recognition criteria set out in IFRS 15 for the sale of trading properties).

In making its judgement on whether the acquisition of property through the purchase of a corporate vehicle represents an asset acquisition or business combination, management considers whether the integrated set of assets and activities acquired contain both inputs and processes along with the ability to create outputs. Management also applies the optional 'concentration test' allowed under IFRS 3. When applying the optional test, management considers if substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets). Where management judge that substantially all of the fair value of the gross assets acquired are concentrated in a single asset (or a group of similar assets) and the 'concentration test' met, the assets acquired would not represent a business and the purchase would be treated as an asset acquisition.

There were no property transactions during the current or prior year requiring significant judgement.

REIT status

The Company has elected for UK REIT and French SIIC status. To continue to benefit from these tax regimes, the Group is required to comply with certain conditions as outlined in Note 10. Management intends that the Group should continue as a UK REIT and a French SIIC for the foreseeable future.

Uncertain tax positions

The Group is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business. The tax impact can be uncertain until a conclusion is reached with the relevant tax authority or through a legal process. Management judgement is required in assessing the likelihood of whether a liability, including any associated penalties, will arise and the significant assessment relating to the recognition of withholding tax in France and is discussed further in Note 10.

2. Adjusted Profit

Adjusted profit is a non-GAAP measure and is the Group's measure of underlying profit, which is used by the Board and senior management to measure and monitor the Group's income performance.

It is based on the Best Practices Recommendations Guidelines of European Public Real Estate Association (EPRA), which calculate profit excluding investment and development property revaluations and gains or losses on disposals. Changes in the fair value of financial instruments and associated close-out costs and their related taxation, as well as other permitted one-off items, are also excluded. Refer to the Supplementary Notes for all EPRA adjustments.

The Directors may also exclude from the EPRA earnings measure additional items (gains and losses) which are considered by them to be non-recurring, unusual or significant by virtue of size and nature. In excluding such items going forward, management believe this gives a better measure of the underlying performance of the business. No non-EPRA adjustments to underlying profit were made in the current year. In the year ended 31 December 2023 there were two non-EPRA adjustments and are detailed below.

As detailed further in Note 17(vi) an impairment loss of £28 million on a loan due from an associate was recognised in the year ended 31 December 2023. The impairment of the loan is directly related to a wider property transaction entered into by the Group and had arisen due to a fair value deficit on land held by an associate. As the nature of the impairment does not reflect the underlying performance of the business this has been treated as a Company specific adjustment.

In the year ended 31 December 2023 the impact of the SELP performance fee of £42 million was excluded from the calculation of Adjusted profit and treated as a Company specific adjustment. No SELP performance fee was recognised in the year ended 31 December 2024 and no adjustment is required for this year. See footnote 3 below and Note 7 (ii) for further details.

Notes to the Financial Statements continued

	Notes	2024 £m	2023 £m
Gross rental income	4	592	547
Property operating expenses	5	(92)	(85)
Net rental income		500	462
Joint venture management fee income	4	26	29
Management and development fee income	4	6	4
Net service charge and other income ²		(1)	1
Administrative expenses	6	(76)	(63)
Share of joint ventures and associates' Adjusted profit after tax ¹	7	83	82
Adjusted operating profit before interest and tax		538	515
Net finance costs	9	(68)	(106)
Adjusted profit before tax		470	409
Adjustments to reconcile to IFRS:			
Adjustments to the share of profit/(loss) from joint ventures and associates' after tax ¹	7	(30)	(158)
Realised and unrealised property gains and losses	8	195	(601)
Profit on sale of trading properties	8	-	3
Cost of early close out debt	9	(2)	(1)
Net fair value gain on interest rate swaps and other derivatives	9	3	24
Joint venture performance fee income ³	4	-	89
Impairment loss on loan due from associate	17(vi)	-	(28)
Total adjustments		166	(672)
Profit/(loss) before tax		636	(263)
Tax			
On Adjusted profit	10	(12)	(10)
In respect of adjustments	10	(30)	20
Total tax adjustments		(42)	10
Profit/(loss) after tax		594	(253)
Of which:			
Adjusted profit after tax		458	399
Total adjustments after tax		136	(652)

1 A detailed breakdown of the adjustments to the share of profit from joint ventures and associates is included in Note 7.

2 Net service charge and other expense of £1 million (2023: £1 million income) is calculated as Service charge and other income of £51 million (2023: £45 million) shown in Note 4, less Service charge and other expenses of £52 million (2023: £44 million) shown in Note 5.

3 There was no performance fee recognised in the year ended 31 December 2024. Total impact of the joint venture performance fee from SELP for the year ended 31 December 2023: Performance fee of £89 million within joint venture fee income; cost of £37 million within Share of joint ventures' and associates adjusted profit after tax (being the share of performance fee cost of £45 million less a tax credit of £8 million) and a tax charge of £10 million recognised in respect of the performance fee income. Overall, the net profit after tax impact was £42 million. See Note 7 for further details.

Notes to the Financial Statements continued**3. Segmental Analysis**

As a result of the organisational structure which has been developed over the last year there has been a change in the Group's reportable segments. As detailed in the Annual Report for the year ended 31 December 2023, the new organisational structure has consolidated the six regional Business Units into two property businesses, each under a separate Managing Director: United Kingdom (UK) and Continental Europe (CE).

In 2024, the two property businesses are now managed, and their operating results reported to the Executive Directors ('chief operating decision maker', 'CODM') as separate and distinct businesses. Prior to 2024, operating results were reported to the Executive Directors at the Business Unit level. Given the change in the level at which results are reported to the CODM the operating segments under IFRS 8 have changed from the six regional Business Units previously reported to the two property businesses, UK and CE. The comparative period has been represented to reflect the new segments.

	Gross rental income £m	Net rental income £m	Share of joint ventures and associates' Adjusted profit £m	Adjusted PBIT ² £m	Valuation surplus/(deficit) on investment properties £m	Total directly owned property assets £m	Investments in joint ventures and associates £m	Capital expenditure ³ £m
31 December 2024								
UK	437	399	–	395	170	11,463	28	562
CE	155	113	111	244	(50)	3,846	2,428	434
Other ¹	–	(12)	(28)	(101)	–	–	(904) ⁴	24
Total	592	500	83	538	120	15,309	1,552	1,020
31 December 2023								
UK	407	375	–	372	(421)	11,160	20	598
CE	140	102	119	242	(226)	3,757	2,697	366
Other ¹	–	(15)	(37)	(99)	–	–	(1,081) ⁴	29
Total	547	462	82	515	(647)	14,917	1,636	993

1. "Other" category includes the corporate centre, SELP holding companies and costs relating to the operational business which are not specifically allocated to the two property businesses.

2. A reconciliation of total Adjusted PBIT to the IFRS profit before tax is provided in Note 2. Total revenues from external customers included within Adjusted PBIT: UK £448 million (2023: £421 million), CE £227 million (2023: £204 million).

3. Capital expenditure includes additions and acquisitions of investment and trading properties but does not include tenant incentives and letting fees. The "Other" category includes non-property related spend, primarily IT.

4. Includes the bonds held by SELP Finance S.à.r.l, a Luxembourg entity.

Revenues from the most significant countries within the Group were: UK £448 million (2023: £513 million), France £86 million (2023: £114 million), Italy £46 million (2023: £37 million), Germany £57 million (2023: £52 million) and Poland £19 million (2023: £18 million).

Notes to the Financial Statements continued

4. Revenue

	2024 £m	2023 £m
Rental income from investment and trading properties	574	536
Rent averaging	14	10
Surrender premiums	4	1
Gross rental income¹	592	547
Joint venture fee income – management fees*	26	29
– performance fees* ²	–	89
Joint venture fee income	26	118
Management and development fee income*	6	4
Service charge and other income* ³	51	45
Proceeds from sale of trading properties*	–	35
Total revenue	675	749

* The above income streams reflect revenue recognition under IFRS 15 'Revenue from Contracts with Customers' and total £83 million (2023: £202 million).

1 Net rental income of £500 million (2023: £462 million) is calculated as gross rental income of £592 million (2023: £547 million) less total property operating expenses of £92 million (2023: £85 million) shown in Note 5.

2 See Note 7(ii) for further details on the performance fee from SELP.

3. Other income includes income from solar energy sold to national grids or direct to occupiers.

5. Costs

	2024 £m	2023 ² £m
Vacant property costs	18	14
Letting, marketing, legal and professional fees	16	15
Loss allowance and impairment of receivables ¹	1	3
Other expenses ²	11	9
Property management expenses	46	41
Property administrative expenses ^{2,3}	56	56
Costs capitalised ⁴	(10)	(12)
Total property operating expenses	92	85
Service charge and other expense ⁵	52	44
Trading properties cost of sales	–	32
Total costs	144	161

1 See Note 17(vi) Credit risk management for further details on loss allowance and impairment of receivables.

2 Certain expenses that were previously classified as Other expenses within Property management expenses have been reclassified to Property administrative expenses in the table above. These expenses which are mainly staff related have been reclassified as their functions are more closely aligned with administrative rather than management activities.

The prior period comparatives in the table above have been represented to reflect this change and £7 million of expenses reclassified from Other expenses to Property administrative expenses for the year ended 31 December 2023.

3 Property administrative expenses predominantly relate to the employee staff costs of personnel directly involved in operating the property portfolio.

4 Costs capitalised primarily relate to internal employee staff costs directly involved in developing the property portfolio.

5 Other expenses includes expenses relating to the provision of solar energy.

6. Administrative Expenses**6(i) – Total administrative expenses**

	2024 £m	2023 £m
Directors' remuneration	6	8
Depreciation and amortisation	10	5
Other administrative expenses	60	50
Total administrative expenses	76	63

Other administrative expenses include the cost of services of the Group's auditors, as described below.

6(ii) – Fees in relation to services provided by the Group's auditors

	2024 £m	2023 £m
Audit services:		
Parent company	1.5	1.3
Subsidiary undertakings	0.1	0.1
Total audit fees	1.6	1.4
Audit related assurance services	0.1	0.1
Audit and audit related assurance services	1.7	1.5
Other fees:		
Other	0.2	0.1
Total other fees	0.2	0.1
Total fees in relation to audit and other services	1.9	1.6

As detailed further in the Audit Committee Report on page 102, PwC are the auditors of the SEGRO European Logistics Partnership (SELP), which is a non controlled joint venture of the Group, and were paid audit fees of £1.0 million in respect of the year ended 31 December 2024 (2023: £0.9 million). There were £0.1 million of non-audit fees paid in respect of SELP (2023: £0.2 million). The appointment of the SELP auditors and agreement of their fees is a matter for the SELP Board acting independently from SEGRO. Accordingly, the fees do not form part of the SEGRO Group audit fees detailed in the table above nor are they included in the ratio of audit to non-audit fees detailed on page 102 of the Audit Committee Report.

Notes to the Financial Statements continued**6(iii) – Staff costs**

The table below presents staff costs of the Group (including Directors) which are recognised in both property operating expenses and administrative expenses in the Income Statement.

	2024 £m	2023 £m
Wages and salaries	55	54
Social security costs	8	7
Pension costs	3	3
Share scheme costs	7	10
Total	73	74
Average number of Group employees	461	459
– Direct property	294	290
– Indirect property and administration	167	169

Disclosures required by the Companies Act 2006 on Directors' remuneration, including salaries, share options, pension contributions and pension entitlement and those specified by the UK Listing Rules of the Financial Conduct Authority are included on pages 105 to 131 in the Remuneration Report and form part of these Financial Statements.

The Group also has a number of defined contribution pension schemes for which £3 million has been recognised as an expense in the Group Income Statement (2023: £3 million).

7. Investments in Joint Ventures, Associates and Subsidiaries**7(i) – Profit from joint ventures and associates after tax**

The table below presents a summary Income Statement of the Group's largest joint ventures and associates, all of which are accounted for using the equity method as set out in Note 1. SEGRO European Logistics Partnership (SELP) is incorporated in Luxembourg and owns logistics property assets in Continental Europe. The Group holds 50 per cent of the share capital and voting rights in the material joint ventures.

	SELP £m	Other £m	At 100% 2024 £m	At 100% 2023 £m	At share 2024 £m	At share 2023 £m
Revenue¹	370	–	370	347	185	174
Gross rental income	274	–	274	267	137	134
Property operating expenses:						
– underlying property operating expenses	(15)	–	(15)	(16)	(8)	(8)
– vacant property costs	(2)	(1)	(3)	(1)	(1)	(1)
– property management fees ²	(23)	–	(23)	(24)	(12)	(12)
Net rental income	234	(1)	233	226	116	113
Management fee income	4	–	4	4	2	2
Administrative expenses	(5)	–	(5)	(5)	(2)	(2)
Finance costs (including adjustments)	(44)	–	(44)	(40)	(22)	(20)
Adjusted profit before tax	189	(1)	188	185	94	93
Tax	(22)	–	(22)	(22)	(11)	(11)
Adjusted profit after tax	167	(1)	166	163	83	82
Adjustments:						
Profit on sale of investment properties	5	–	5	–	2	–
Valuation (deficit)/surplus on investment properties	(71)	11	(60)	(325)	(30)	(162)
Performance fees expense ³	–	–	–	(89)	–	(45)
Tax in respect of adjustments	(5)	–	(5)	98	(2)	49
Total adjustments	(71)	11	(60)	(316)	(30)	(158)
Profit/(loss) after tax	96	10	106	(153)	53	(76)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income/(expense) for the year	96	10	106	(153)	53	(76)

1 Total revenue at 100% of £370 million (2023: £347 million) includes: Gross rental income of £274 million (2023: £267 million); service charge income of £92 million (2023: £76 million) and management fee income of £4 million (2023: £4 million). Service charge income is netted against the equal and opposite service charge expense in calculating Adjusted profit before tax.

2 Property management fees paid to SEGRO.

3 Performance fees recognised by SEGRO. This is further discussed in the Fees section below.

Notes to the Financial Statements continued

The Group has not recognised cumulative losses totalling £nil at share (2023: £14 million) in relation to its interests in associates, because the Group has no obligation in respect of these losses.

SELP is a SPPICAV in France, and does not pay tax on its French property income or gains on property sales, provided that at least 85 per cent of the French subsidiaries' property income is distributed to their immediate shareholder. In addition, SELP has to meet certain conditions such as ensuring the property rental business of each French subsidiary represents more than 60 per cent of its assets. Any potential or proposed changes to the SPPICAV legislation are monitored.

7(ii) – Summarised Balance Sheet information in respect of the Group's joint ventures and associates

	SELP £m	Other £m	At 100% 2024 £m	At 100% 2023 £m	At share 2024 £m	At share 2023 £m
Investment properties	4,996	56	5,052	5,830	2,526	2,915
Property, plant and equipment	19	–	19	12	10	6
Other receivables	3	–	3	2	1	1
Total non-current assets	5,018	56	5,074	5,844	2,537	2,922
Other receivables	51	1	52	62	26	31
Cash and cash equivalents	345	1	346	56	173	28
Total current assets	396	2	398	118	199	59
Total assets	5,414	58	5,472	5,962	2,736	2,981
Borrowings ¹	(1,444)	–	(1,444)	(2,143)	(722)	(1,072)
Deferred tax	(359)	–	(359)	(381)	(179)	(191)
Other liabilities ²	–	–	–	(34)	–	(17)
Total non-current liabilities	(1,803)	–	(1,803)	(2,558)	(901)	(1,280)
Borrowings ¹	(413)	–	(413)	–	(207)	–
Other liabilities	(149)	(3)	(152)	(159)	(76)	(79)
Total current liabilities	(562)	(3)	(565)	(159)	(283)	(79)
Total liabilities	(2,365)	(3)	(2,368)	(2,717)	(1,184)	(1,359)
Unrecognised share of losses	–	–	–	28	–	14
Net assets	3,049	55	3,104	3,273	1,552	1,636

1 The external borrowings of the joint ventures and associates are non-recourse to the Group. At 31 December 2024, the fair value of £1,857 million (2023: £2,143 million) of borrowings was £1,818 million (2023: £2,046 million). This results in a fair value adjustment increase in EPRA NDV of £39 million (2023: £97 million), at share £20 million (2023: £48 million), see Table 5 of the Supplementary Notes.

2 Other non-current liabilities of £34 million as at 31 December 2023 relates to a loan due from an associate to the Group. During 2024 the remaining shares of the associate were acquired and is now a 100 per cent subsidiary. See Note 17(vi) for details on the impairment of the loan receivable held by the Group in 2023.

Fees

SEGRO provides certain services, including venture advisory and asset management, to the SELP joint venture and receives fees for doing so.

Performance fees may also be payable from SELP to SEGRO based on its IRR subject to certain hurdle rates over the performance period. The current performance period commenced in October 2023 and is over a circa three-year and circa six-year period. The first performance period and potential payment due ends in June 2026, but 50 per cent of any payment is subject to clawback based on performance over the six-year period to June 2029. If the IRR increases by June 2029 relative to June 2026, additional fees might be triggered.

Based on the current estimates of the IRR calculation from October 2023 to 31 December 2024, no performance fee is due to SEGRO in June 2026. Therefore no fee has been recognised in the year as the recognition criteria under IFRS 15 has not been met. The performance fee is not considered to be a significant area of estimation uncertainty at this point.

In the year ended 31 December 2023, the ten-year performance fee period from inception of SELP in October 2013 to October 2023 ended. As a result, SEGRO recognised a performance fee income of £89 million (€103 million) in its 31 December 2023 Income Statement. An equivalent performance fee expense at share of £45 million was recognised within the share of profit from joint ventures and associates and shown in Note 7(i).

7(iii) – Investments by the Group

	2024 £m	2023 £m
Cost or valuation at 1 January	1,636	1,768
Exchange movement	(81)	(30)
Net investments ¹	(27)	12
Dividends received ²	(29)	(38)
Share of profit/(loss) after tax	53	(76)
Cost or valuation at 31 December	1,552	1,636

1 Net investments represent the net movement of capital injections, loans and divestments with joint ventures and associates during the year.

2 Dividends received from SELP.

Notes to the Financial Statements continued**7(iv) – Investments by the Company**

	2024 £m	2023 £m
Cost or valuation of subsidiaries at 1 January	11,413	10,597
Exchange movement	(15)	(8)
Additions ¹	–	303
Loan movement ¹	578	657
Increase in provision for investments in and loans to subsidiaries ²	(80)	(136)
Cost or valuation at 31 December	11,896	11,413

1 During 2024, £nil (2023: £303 million) of non-current loans were recapitalised and converted into equity. This is reflected within additions and a reduction in loan movement in the table above.

2 Total increase in provision for impairment of £80 million (2023: £136 million) consists of £nil (2023: £28 million) for investments and £80 million (2023: £108 million) for loans to subsidiaries.

Included in cost or valuation of subsidiaries at 31 December 2024 are investments of £6,401 million (2023: £6,401 million) and non-current loans of £5,495 million (2023: £5,012 million). Loans held with subsidiaries are classified as non-current as there is no intention from the Company to require the loan to be repaid, in whole or in part, within 12 months.

Subsidiary entities are detailed in Note 27.

In measuring expected credit losses (ECLs) of the intercompany loans under IFRS 9 the ability of each subsidiary to repay the loan at the reporting date if demanded by the Company is assessed. For the purpose of the impairment review the manner for recovering the loan is assumed to be through the sale of the investment properties held by the subsidiary. Investment properties are held at fair value at each reporting date and the assumptions and inputs used in determining their fair value are shown in Note 25. Therefore, the net asset value of the subsidiary is considered to be a reasonable approximation of the available assets that could be realised to recover the loan balance and the requirement to recognise expected credit losses. The requirement for impairment of investments under IAS 36 follows the same assessment and the net asset value of the subsidiary is considered to be a reasonable approximation of the recoverable amount. The increase in the provision for investments and loans held with subsidiaries during the current and prior period is due to a lower expectation of recovery predominantly due to the decrease in the fair value of specific properties held by the subsidiaries.

The loss allowances for loans held with subsidiaries as at 31 December reconcile to the opening loss allowances as follows:

	2024 £m	2023 £m
Opening loss allowance at 1 January	230	122
Increase in loan loss allowance recognised in profit or loss during the year	105	123
Unused amount reversed in profit or loss during the year	(25)	(15)
Closing loss allowance at 31 December	310	230

8. Realised and Unrealised Property Gains and Losses

	2024 £m	2023 £m
Profit on sale of investment properties and other investment income ¹	75	46
Valuation surplus/(deficit) on investment properties ²	120	(647)
Total realised and unrealised property gain/(loss)	195	(601)

1 Includes profit on sale of investment properties of £75 million (2023: £39 million) and other property related investment income of £nil (2023: £7 million).

2 Includes £121 million valuation surplus on investment properties (2023: £646 million deficit) and £1 million valuation loss on head lease ROU asset (2023: £1 million).

The above table does not include realised gains on sale of trading properties of £nil (2023: £3 million) as detailed further in Note 2.

The total valuation surplus on investment and trading properties are £90 million (2023: £809 million deficit). This comprises £120 million surplus from investment properties (2023: £647 million deficit) and £30 million deficit from joint ventures and associates at share (2023: £162 million deficit).

The total property gain on investment and trading properties are £167 million (2023: £760 million loss). This comprises of the total valuation surplus on investment properties and trading properties of £90 million (2023: £809 million deficit), plus £75 million profit on sale of investment properties and other investment income (2023: £46 million), £2 million profit on sale of investment properties from joint ventures and associates at share (2023: £nil) and £nil profit on sale of trading property (2023: £3 million).

9. Net Finance Costs

Finance income	2024 £m	2023 £m
Interest received on bank deposits and related derivatives	56	25
Fair value gain on interest rate swaps and other derivatives	35	59
Exchange differences	1	–
Total finance income	92	84

Finance costs	2024 £m	2023 £m
Interest on overdrafts, loans and related derivatives	(179)	(184)
Cost of early close out of debt	(2)	(1)
Amortisation of issue costs	(10)	(8)
Interest on lease liabilities	(3)	(3)
Total borrowing costs	(194)	(196)
Less amounts capitalised on the development of properties	67	64
Net borrowing costs	(127)	(132)
Fair value loss on interest rate swaps and other derivatives	(32)	(35)
Total finance costs	(159)	(167)
Net finance costs	(67)	(83)

Notes to the Financial Statements continued

Net finance costs (including adjustments) in Adjusted profit (Note 2) are £68 million (2023: £106 million). This excludes net fair value gains and losses on interest rate swaps and other derivatives of £3 million gain (2023: £24 million gain) and the cost of early close out debt of £2 million (2023: £1 million).

The interest capitalisation rates for 2024 ranged from 2.6 per cent to 6.7 per cent (2023: 2.6 per cent to 6.5 per cent). Interest is capitalised gross of tax relief. Further analysis of exchange differences is given in Note 17 within the forward foreign exchange and currency swap contracts section.

10. Tax**10(i) – Tax on profit**

	2024 £m	2023 £m
Tax:		
On Adjusted profit	(12)	(10)
In respect of adjustments:		
Joint venture performance fees	-	(10)
Other (primarily in respect of property disposals and valuation movements)	(30)	30
Total tax in respect of adjustments	(30)	20
Total tax (charge)/credit	(42)	10
Current tax		
United Kingdom		
Current tax credit/(charge)	1	(10)
Total UK current tax credit/(charge)	1	(10)
Overseas		
Current tax charge	(33)	(10)
Total overseas current tax charge	(33)	(10)
Total current tax charge	(32)	(20)
Deferred tax		
Origination and reversal of temporary differences	(14)	(10)
Released in respect of property disposals in the year	14	5
On valuation movements	(9)	33
Total deferred tax in respect of investment properties	(9)	28
Other deferred tax	(1)	2
Total deferred tax (charge)/credit	(10)	30
Total tax (charge)/credit on profit on ordinary activities	(42)	10

10(ii) – Factors affecting tax charge for the year

The tax charge is lower than (2023: tax credit is higher than) the standard rate of UK corporation tax.

The differences are:

	2024 £m	2023 £m
Profit/(loss) on ordinary activities before tax	636	(263)
Exclude valuation (surplus)/deficit in respect of UK properties not deductible	(170)	421
	466	158
Multiplied by standard rate of UK corporation tax of 25 per cent (2023: 23.5 per cent) ²	(117)	(37)
Effects of:		
REIT & SIIC exemption on income and gains	90	94
Non deductible items	(5)	(13)
Joint venture and associates' tax adjustment ¹	12	(17)
Higher tax rates on international earnings	(1)	(3)
Adjustment in respect of assets not recognised	(21)	(14)
Total tax (charge)/credit on profit on ordinary activities	(42)	10

1 The joint venture and associates' tax adjustment is required because the profit on ordinary activities before tax includes share of profit from joint ventures and associates' after tax, whereas the total tax balance excludes joint ventures and associates.

2 The UK corporation tax rate for the financial year beginning 1 April 2023 increased to 25 per cent (previously 19 per cent in the financial year beginning 1 April 2022).

10(iii) – REIT and SIIC regimes and other tax judgements

SEGRO is a Real Estate Investment Trust (REIT) and does not pay tax on its UK property income or gains on property sales, provided that at least 90 per cent of the Group's UK property income is distributed as a dividend to shareholders, which becomes taxable in their hands. In addition, the Group has to meet certain conditions such as ensuring its worldwide property rental business represents more than 75 per cent of total profits and assets. Any potential or proposed changes to the REIT legislation are monitored and discussed with HMRC. It is management's intention that the Group will continue as a REIT for the foreseeable future.

SEGRO is also a SIIC in France, and does not pay corporation tax on its French property income or gains on property sales, provided that at least 95 per cent of the relevant Group French subsidiaries' property income is distributed to their immediate shareholder. In addition, the Group has to meet certain conditions such as ensuring the property rental business of each French subsidiary represents more than 80 per cent of its assets. Any potential or proposed changes to the SIIC legislation are monitored. It is management's intention that the Group will continue as a SIIC for the foreseeable future.

In 2021 a formal tax assessment in relation to the applicability of a 25 per cent withholding tax on distributions from the SIIC was received from the French tax authorities and a tax charge was recognised. A legal conclusion has not been reached and communication with the French tax authorities remains ongoing. As a result, a tax charge for the 25 per cent withholding tax on results generated from the French business has been recognised, this includes withholding tax on unremitted earnings. As noted below, until a legal conclusion has been reached, it is possible further tax charges may arise in relation to this matter.

Notes to the Financial Statements continued

The Group operates in a number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business. The tax impact can be uncertain until a conclusion is reached with the relevant tax authority or through a legal process. The Group uses in-house expertise when assessing uncertain tax positions and seeks the advice of external professional advisors where appropriate. The Group believes that its provisions for tax liabilities and associated penalties are adequate for all open tax years based on its assessment of many factors, including tax laws and prior experience. The significant assessment relating to the recognition of withholding tax in France is discussed above.

10(iv) – Deferred tax liabilities

Movement in deferred tax was as follows:

	Balance 1 January £m	Exchange movement £m	Recognised in income £m	Balance 31 December £m
Group – 2024				
Valuation surpluses and deficits on properties/ accelerated tax allowances	178	(9)	9	178
Others	14	(1)	1	14
Total deferred tax liabilities	192	(10)	10	192
Group – 2023				
Valuation surpluses and deficits on properties/ accelerated tax allowances	209	(3)	(28)	178
Others	17	(1)	(2)	14
Total deferred tax liabilities	226	(4)	(30)	192

The Group has recognised revenue tax losses of £71 million (2023: £94 million) available for offset against future profits (reflected in 'Valuation surpluses and deficits on properties/accelerated tax allowances' in the table above). Further unrecognised tax losses of £755 million also exist at 31 December 2024 (2023: £757 million) of which £1 million (2023: £1 million) expires within nine years. The majority of the unrecognised tax loss balance relates to historic capital losses that arose on property disposals and on losses generated from debt close-out costs. The Directors do not consider it probable that there will be sufficient future taxable profit for the relevant losses to be utilised and so no deferred tax asset has been recognised for unused tax losses.

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, the Directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised deferred taxes on changes in fair value of investment properties for all jurisdictions, with the exception of the UK, where the Group is not subject to any corporate income taxes on the fair value changes of the investment properties on disposal due to its REIT status.

10(v) – Factors that may affect future tax charges

Other than France no deferred tax is recognised on the unremitted earnings of international subsidiaries, joint ventures and associates. In the event of their remittance to the UK, no net UK tax is expected to be payable. As detailed in Note 10(iii) a tax charge for probable withholding tax due on results generated from the French business has been recognised, this includes withholding tax on unremitted earnings.

10(vi) – OECD Pillar Two model rules

Pillar Two legislation was enacted in the UK during 2023, the jurisdiction in which the Company is incorporated, and was effective from 1 January 2024. Management have engaged tax specialists to assist with applying the legislation and assessing the impact in all relevant jurisdictions. Based on the assessment of this enacted legislation and local enacted qualifying domestic minimum top-up tax rules in effect, management consider there to be no material impact on the Company or the Group due to its UK REIT status, which should result in the majority of the Group companies being excluded from the rules.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

11. Dividends

	2024 £m	2023 £m
Ordinary dividends paid		
Interim dividend for 2024 @ 9.1 pence per share	123	–
Final dividend for 2023 @ 19.1 pence per share	256	–
Interim dividend for 2023 @ 8.7 pence per share	–	107
Final dividend for 2022 @ 18.2 pence per share	–	220
Total dividends	379	327
Dividends in the statement of changes in equity	379	327
Dividends settled as shares	(115)	(129)
Timing difference relating to payment on withholding tax	13	(13)
Dividends disclosed in cash flow statement	277	185

The Board recommends a final dividend for 2024 of 20.2 pence which is estimated to result in a distribution of up to £273 million. The total dividend paid and proposed per share in respect of the year ended 31 December 2024 is 29.3 pence (2023: 27.8 pence).

The total dividend in 2024 of £379 million (2023: £327 million) was paid: £264 million as cash (2023: £198 million) and £115 million in scrip dividends (2023: £129 million). For details on scrip dividends see Notes 18 and 19.

Notes to the Financial Statements continued**12. Earnings and Net Assets Per Share**

The earnings per share calculations use the weighted average number of shares in issue during the year and the net assets per share calculations use the number of shares in issue at year end. Earnings per share calculations exclude 0.5 million shares (2023: 0.3 million) being the average number of shares held on trust for employee share schemes and net assets per share calculations exclude 0.7 million shares (2023: 0.4 million) being the actual number of shares held on trust for employee share schemes at year end.

12(i) – Earnings per ordinary share (EPS)

	2024			2023		
	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic EPS	594	1,328.7	44.7	(253)	1,220.0	(20.7)
Dilution adjustments:						
Share schemes	–	3.3	(0.1)	–	–	–
Diluted EPS²	594	1,332.0	44.6	(253)	1,220.0	(20.7)
Basic EPS	594	1,328.7	44.7	(253)	1,220.0	(20.7)
Adjustments to profit before tax ¹	(166)		(12.5)	672		55.1
Tax in respect of Adjustments	30		2.3	(20)		(1.7)
Adjusted Basic EPS	458	1,328.7	34.5	399	1,220.0	32.7
Adjusted Diluted EPS	458	1,332.0	34.4	399	1,223.4	32.6

1 Details of adjustments are included in Note 2.

2 Share options are excluded from the weighted average diluted number of shares when calculating IFRS diluted loss per share in 2023 because they are not dilutive.

12(ii) – Net assets per share (NAV)

The EPRA Net Tangible Assets (NTA) metric is considered to be most consistent with the nature of SEGRO's business as a UK REIT providing long-term progressive and sustainable returns. EPRA NTA acts as the primary measure of net asset value and is also referred to as Adjusted Net Asset Value (or Adjusted NAV).

A reconciliation from IFRS NAV to Adjusted NAV is set out in the table below along with the net asset per share metrics.

Table 5 of the Supplementary Notes provides a reconciliation from IFRS NAV for each of the three EPRA net asset value metrics.

	2024			2023		
	Equity attributable to ordinary shareholders £m	Shares million	Pence per share	Equity attributable to ordinary shareholders £m	Shares million	Pence per share
Basic NAV	12,049	1,352.2	891	10,904	1,227.2	889
Dilution adjustments:						
Share schemes	–	3.1	(2)	–	3.5	(3)
Diluted NAV	12,049	1,355.3	889	10,904	1,230.7	886
Fair value adjustment in respect of interest rate derivatives – Group	95		7	106		9
Fair value adjustment in respect of trading properties – Group	2		–	1		–
Deferred tax in respect of depreciation and valuation surpluses – Group ¹	90		7	89		7
Deferred tax in respect of depreciation and valuation surpluses – Joint ventures and associates ¹	88		7	92		7
Intangible assets	(37)		(3)	(30)		(2)
Adjusted NAV	12,287	1,355.3	907	11,162	1,230.7	907

1 50 per cent of deferred tax in respect of depreciation and valuation surpluses has been excluded in calculating Adjusted NAV in line with option 3 of EPRA Best Practices Recommendations Guidelines.

Notes to the Financial Statements continued

13. Investment properties

	Completed £m	Development £m	Total £m
At 1 January 2024	12,285	2,383	14,668
Exchange movement	(148)	(41)	(189)
Property acquisitions	431	21	452
Additions to existing investment properties ²	45	496	541
Disposals	(474)	(68)	(542)
Transfers on completion of development and completed properties taken back for redevelopment	497	(497)	–
Revaluation surplus/(deficit) during the year	191	(70)	121
At 31 December 2024	12,827	2,224	15,051
Add tenant lease incentives and letting fees	185	–	185
Investment properties excluding head lease ROU assets at 31 December 2024	13,012	2,224	15,236
Add head lease liabilities (ROU assets) ¹	67	–	67
Total investment properties at 31 December 2024	13,079	2,224	15,303

	Completed £m	Development £m	Total £m
At 1 January 2023	12,113	2,589	14,702
Exchange movement	(47)	(18)	(65)
Property acquisitions	–	403	403
Additions to existing investment properties ²	54	507	561
Disposals	(204)	(83)	(287)
Transfers on completion of development and completed properties taken back for redevelopment	824	(824)	–
Revaluation deficit during the year	(455)	(191)	(646)
At 31 December 2023	12,285	2,383	14,668
Add tenant lease incentives and letting fees	175	–	175
Investment properties excluding head lease ROU assets at 31 December 2023	12,460	2,383	14,843
Add head lease liabilities (ROU assets) ¹	71	–	71
Total investment properties at 31 December 2023	12,531	2,383	14,914

1 At 31 December 2024 investment properties included £67 million (2023: £71 million) for the head lease liabilities recognised under IFRS 16.

2 Part of the capital expenditure incurred is in response to climate change including the reduction of the carbon footprint of the Group's existing investment properties and developments. The reduction of the carbon footprint within the Group's property portfolio is discussed in more detail on pages 38 and 41.

Investment properties are stated at fair value as at 31 December 2024 based on external valuations performed by professionally qualified, independent valuers. The Group's wholly-owned, joint venture and associate property portfolio is valued by CBRE Ltd on a half-yearly basis. The valuations conform to International Valuation Standards and were arrived at by reference to market evidence of the transaction prices paid for similar properties. In estimating the fair value of the properties, the valuers consider the highest and best use of the properties. There has been no change to the valuation technique during the year.

CBRE Ltd also undertakes some professional and agency work on behalf of the Group. This is carried out by departments separate from the Valuation team in CBRE and overall the total fees earned from the Group are below 5 per cent of CBRE's total income. This work does not therefore lead to a conflict of interest for the properties being valued by CBRE at the period end.

Completed properties include buildings that are occupied or are available for occupation. Development properties include land available for development (land bank), land under development, construction in progress and covered land. The carrying value of covered land held within Development properties as at 31 December 2024 is £619 million (2023: £645 million).

At 31 December 2024 investment properties included £185 million tenant lease incentives, letting fees and rent guarantees (2023: £175 million).

The carrying value of investment properties situated on land held under leaseholds is £170 million (excluding head lease ROU assets) (2023: £186 million).

Further details on property valuation techniques, sustainability and climate change considerations and related quantitative information are set out in Note 25.

Notes to the Financial Statements continued

14. Trade and Other Receivables

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Current				
Trade receivables ¹	65	63	-	-
Other receivables ²	88	112	34	40
Prepayments	19	13	-	-
Amounts due from related parties	6	7	-	-
Total current trade and other receivables	178	195	34	40
Non-current				
Other receivables	2	2	-	-
Amounts due from related parties ³	-	6	-	-
Total non-current other receivables	2	8	-	-

1 Note 17(vi) details the Group's credit risk management and loss allowances held for trade receivables.

2 Group other current receivables includes VAT recoverable and capital receivables.

3 Group non-current amounts due from related parties as at 31 December 2023 included an amount due from a loan held with an associate. The associate was acquired during 2024. See Note 17(vi) for further details on the impairment of the loan balance.

15. Trade and Other Payables

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Due within one year				
Trade payables	7	10	-	-
Other payables ¹	130	165	1	15
Non-capital accruals ²	113	108	55	48
Capital creditors and capital accruals	136	223	-	-
Rent in advance	115	107	-	-
Lease liabilities	1	1	-	-
Total trade and other payables due within one year	502	614	56	63
Due after one year				
Other payables	1	1	-	-
Lease liabilities	69	73	-	-
Loans due to subsidiaries	-	-	2,124	2,088
Total other payables due after one year	70	74	2,124	2,088

1 Group other current payables includes VAT payable and tenant deposits.

2 Includes accrued interest on external borrowings for the Group of £36 million (2023: £38 million).

16. Net Borrowings**16(i) – Net borrowings by type**

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Secured borrowings:				
Euro mortgages	-	1	-	-
Total secured (on land, buildings and other assets)	-	1	-	-
Unsecured borrowings:				
Bonds				
1.250% bonds 2026 €650m	535	562	-	-
2.375% bonds 2029 £350m	349	349	349	349
1.875% bonds 2030 €500m	410	430	-	-
0.50% bonds 2031 €500m	409	430	-	-
3.50% bonds 2032 €500m ¹	408	-	408	-
5.75% bonds 2035 £200m	199	199	199	199
2.875% bonds 2037 £400m	397	396	397	396
5.125% bonds 2041 £350m	344	343	344	343
	3,051	2,709	1,697	1,287
Private placement notes¹				
1.77% notes 2027 €400m	330	348	330	348
1.82% notes 2028 €100m	83	87	83	87
2.00% notes 2029 €150m	124	130	124	130
2.27% notes 2032 €100m	82	87	82	87
1.35% notes 2032 €150m	124	130	124	130
2.37% notes 2033 €200m	165	174	165	174
1.45% notes 2035 €50m	41	43	41	43
3.87% notes 2037 €50m	40	42	40	42
1.83% notes 2040 €190m (Series C)	156	164	156	164
1.83% notes 2040 €60m (Series D)	49	52	49	52
4.14% notes 2042 €175m	145	152	145	152
	1,339	1,409	1,339	1,409
Bank loans				
Revolving credit facilities	72	348	72	348
Term loans	145	881	145	881
	217	1,229	217	1,229
Total unsecured	4,607	5,347	3,253	3,925
Total borrowings	4,607	5,348	3,253	3,925
Cash and cash equivalents	(363)	(376)	(266)	(294)
Net borrowings	4,244	4,972	2,987	3,631

1 These euro denominated bonds and private placement notes are designated in net investment hedge relationships with euro denominated investments in subsidiaries. See Note 17(iv) for further details.

Notes to the Financial Statements continued

The maturity profile of borrowings is as follows:

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Maturity profile of borrowings				
In one year or less	-	1	-	-
In more than one year but less than two	535	168	-	168
In more than two years but less than five	1,103	2,057	1,103	1,495
In more than five years but less than ten	1,598	1,729	779	869
In more than ten years	1,371	1,393	1,371	1,393
In more than one year	4,607	5,347	3,253	3,925
Total borrowings	4,607	5,348	3,253	3,925
Cash and cash equivalents ¹	(363)	(376)	(266)	(294)
Net borrowings	4,244	4,972	2,987	3,631

¹ Group Cash and cash equivalents also include tenant deposits held in separate designated bank accounts of £71 million (2023: £61 million), the use of the deposits is subject to restrictions as set out in the tenant lease agreement and therefore not available for general use by the Group.

There are no early settlement or call options (greater than three months prior to maturity) on any of the borrowings. Financial covenants relating to £4,607 million of borrowings as at 31 December 2024 include maximum limits to the Group's gearing ratio, minimum limits to permitted interest cover, minimum limits to the Group's unencumbered asset ratio and maximum limits to subsidiary or secured borrowings. Depending on the instrument, financial covenants are tested for compliance either annually or semi-annually. The gearing ratio of the Group as at 31 December 2024 as defined within the principal debt funding arrangements was 35 per cent and significantly lower than the Group's tightest financial gearing covenant within these debt facilities of 160 per cent. The interest cover covenant requires net interest before capitalisation be covered at least 1.25 times by net property rental income and the ratio for 2024 was 3.7 times. Financial covenants are discussed in more detail in the 'Gearing and financial covenants' section in the Financial review on page 45 and there are no indications that the Group would have difficulty complying with the covenants.

Bank loans and overdrafts include capitalised finance costs on committed facilities.

In May 2024, SEGRO cancelled a €100 million bilateral revolving credit facility, which was replaced by the bilateral revolving credit facility entered into in January 2024. Also, in May 2024 SEGRO extended the maturity of one of its €100 million bilateral credit facilities, by one year to 2028.

In August 2024, SEGRO extended the maturity of €600 million of its revolving credit facilities for a further year to 2027.

In September 2024, SEGRO issued a €500 million 3.50% bond due in 2032.

In October 2024, SEGRO extended the maturity of £90 million of term loans for a further year to 2027.

During the year, SEGRO repaid £725 million in term loans.

The debt refinancing is discussed in more detail in the Financial review on page 44.

	Group	
	2024 £m	2023 £m
Maturity profile of undrawn borrowing facilities		
In one year or less	140	148
In more than one year but less than two	-	-
In more than two years but less than five	1,413	1,212
Total available undrawn borrowing facilities	1,553	1,360

16(ii) – Net borrowings by interest rates

The weighted average interest rate profile of Group net borrowings after derivative instruments is as follows:

Interest rate profile – Group	2024								Total £m
	Fixed rate %	Fixed period years	Fixed debt £m	Capped strike %	Capped debt £m	Floored strike %	Floored cash £m	Variable debt/cash £m	
Borrowings	Weighted average after derivative instruments								
Sterling	3.83	10.9	1,388	-	-	-	-	(470)	918
Euros	1.98	5.5	2,523	2.20	1,095	-	-	71	3,689
Total borrowings	2.64	7.4	3,911	2.20	1,095	-	-	(399)	4,607
Cash and cash equivalents									
Sterling						4.69	(348)	-	(348)
Euros						-	-	(15)	(15)
Total cash and cash equivalents							(348)	(15)	(363)
Net borrowings			3,911		1,095		(348)	(414)	4,244

Interest rate profile – Group	2023								Total £m
	Fixed rate %	Fixed period years	Fixed debt £m	Capped strike %	Capped debt £m	Floored strike %	Floored cash £m	Variable debt/cash £m	
Borrowings	Weighted average after derivative instruments								
Sterling	3.83	11.9	1,387	-	-	-	-	449	1,836
Euros	1.68	6.1	2,223	2.46	1,152	-	-	137	3,512
Total borrowings	2.51	8.3	3,610	2.26	1,152	-	-	586	5,348
Cash and cash equivalents									
Sterling						-	-	(361)	(361)
Euros						-	-	(15)	(15)
Total cash and cash equivalents							-	(376)	(376)
Net borrowings			3,610		1,152		-	210	4,972

Notes to the Financial Statements continued

17. Financial Instruments and Fair Values**17(i) Derivative instruments**

The Group and Company holds the following derivative instruments at fair value:

Derivative assets

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Current				
Forward foreign exchange and currency swap contracts – non-hedge	-	8	-	8
Interest rate cap contracts – non hedge	1	-	1	-
Interest rate floor contracts – non hedge	2	-	2	-
Total current derivative assets	3	8	3	8
Non-current				
Interest rate cap contracts – non-hedge	21	37	21	37
Forward foreign exchange and currency swap contracts – non-hedge	27	10	27	10
Total non-current derivative assets	48	47	48	47

Derivative liabilities

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Current				
Interest rate swap contracts – non-hedge	44	46	44	46
Forward foreign exchange and currency swap contracts – non-hedge	-	-	-	6
Forward foreign exchange and currency swap contracts – hedge	-	6	-	-
Total current derivative liabilities	44	52	44	52
Non-current				
Interest rates swap contracts – non-hedge	75	97	75	97
Total non-current derivative liabilities	75	97	75	97

17(ii) Carrying amount and fair values of financial assets and liabilities

The Group holds the following financial instruments:

	Notes	Group	
		2024 £m	2023 £m
Financial assets			
Financial assets at amortised cost			
Lease incentives ¹	13	158	149
Trade receivables	14	65	63
Other current receivables ²	14	36	42
Non-current receivables	14	2	8
Cash and cash equivalents	16	363	376
Financial assets at fair value through profit or loss (FVPL)			
Other investments		12	10
Derivative financial instruments			
Non-hedge at FVPL	17	51	55
		687	703
Financial liabilities			
Liabilities at amortised cost			
Trade and other payables ²	15	456	580
Borrowings	16	4,607	5,348
Derivative financial instruments			
Used for hedging at FVOCI	17	-	6
Non-hedge at FVPL	17	119	143
		5,182	6,077

1 Represents the carrying value of tenant lease incentives held in Investment properties at the year end. This amount is included within the 'tenant lease incentives and letting fees' balance in Note 13.

2 Excludes non-financial assets of £77 million (2023: £90 million) included within total Group other receivables per Note 14 and non-financial liabilities of £116 million (2023: £108 million) included within total trade and other payables per Note 15.

The carrying values of these financial assets and liabilities approximate their fair value, with the exception of unsecured bonds and unsecured US private placement notes classified as borrowings. At 31 December 2024, the fair value of £3,051 million of unsecured bonds issued was £2,822 million (2023: £2,709 million compared with £2,480 million fair value). At 31 December 2024, the fair value of £1,339 million of unsecured US private placement notes was £1,285 million (2023: £1,409 million compared with £1,281 million fair value). This results in a fair value adjustment increase in EPRA NDV of £283 million (2023: £357 million), see Table 5 of the Supplementary Notes. The fair value of unsecured bonds is estimated using quoted prices (level 1) and the fair value of US private placement notes is estimated by discounting contractual future cash flows (level 2).

Notes to the Financial Statements continued

The fair values of financial assets and financial liabilities are determined as follows:

- Forward foreign exchange contracts are measured using quoted exchange rates and yield curves derived from quoted interest rates with maturities matching the contracts (level 2).
- Interest rate swaps, currency swap contracts and interest rate options are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates and the appropriate exchange rate at the Balance Sheet date (level 2).
- The fair value of other investments classified as fair value through profit or loss which are not traded on active liquid markets is determined by management (level 3).

Fair value measurements recognised in the Balance Sheet

The Group's financial instruments that are measured subsequent to initial recognition at fair value are unlisted investments, forward exchange and currency swap contracts, interest rate swaps and interest rate options as detailed above. As defined by IFRS 13, unlisted investments are classified as level 3 fair value measurements, where inputs are not based on observable market data. All other financial instruments are classified as level 2 fair value measurements, being those derived from inputs other than quoted prices (included within level 1) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). There were no transfers between categories in the current or prior year.

17(iii) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern and as such it aims to maintain a prudent mix between debt and equity financing. Our intention for the foreseeable future is to maintain our mid-cycle LTV (including joint ventures and associates at share) at around 30 per cent. This provides the flexibility to take advantage of investment opportunities arising and ensures significant headroom compared to our tightest gearing covenants should property values decline. The current capital structure of the Group consists of a mix of equity and debt. Equity comprises issued capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity and Notes 18 to 19. Debt primarily comprises long-term debt issues, term loans and drawings against short-term committed revolving credit facilities from banks as disclosed in Note 16.

The Group is not subject to externally imposed capital requirements.

17(iv) Foreign currency risk management

The Group's transactional foreign exchange exposures mainly arise as a result of treasury financing and hedging activities. These hedging activities are carried out in SEGRO plc on behalf of the Group and the resulting transactional exposures to euro are not routinely hedged. The Group does not have any significant transactional foreign currency exposures resulting from cross-border flows in the operating business. The Group does however have operations in Continental Europe which transact business denominated mostly in euros, hence there is currency exposure caused by translating the local trading performance and local net assets into sterling for each financial period and at each Balance Sheet date.

The Group's approach to managing Balance Sheet translation exposure is described in the Foreign Currency Translation Risk section in the Financial review on page 46.

The Group's Balance Sheet translation exposure to euros (including the impact of derivative financial instruments) is summarised below:

	2024 Total £m	2023 Total £m
Group		
Gross currency assets	5,535	6,374
Gross currency liabilities	(4,170)	(4,718)
Net exposure	1,365	1,656

2024 Group gross currency liabilities include €2,226 million (£1,831 million) designated as net investment hedges.

2023 Group gross currency liabilities include €2,226 million (£1,926 million) designated as net investment hedges.

The remaining gross currency liabilities of the Group shown in the table above that are not designated as net investment hedges are either held directly in a euro functional currency entity or passed down to such an entity from a sterling functional currency company through inter-company funding arrangements.

Foreign currency sensitivity analysis

The Group's main currency exposure is the euro. The sensitivity of the net assets of the Group to a 10 per cent appreciation in the value of sterling against the euro would decrease net assets by £124 million (2023: £151 million). The sensitivity of the Group to a 10 per cent depreciation in the value of sterling against the euro would increase net assets by £152 million (2023: £184 million).

The 10 per cent sensitivity rate is used when reporting foreign currency risk internally to management and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis adjusts the translation of net assets (after taking account of external loans, currency swap contracts and forward foreign exchange contracts) at the period end for a 10 per cent change in the value of sterling against the euro. A 10 per cent appreciation in the value of sterling against the euro would decrease the Group's profit for the year ended 31 December 2024 by £9 million (2023: decrease in the loss by £22 million). A 10 per cent depreciation in the value of sterling against the euro would increase the Group's profit for the year ended 31 December 2024 by £10 million (2023: increase in the loss by £27 million).

Notes to the Financial Statements continued**Forward foreign exchange and currency swap contracts**

Some of the forward foreign exchange and currency swap contracts held by the Group are designated as net investment hedges of euro denominated subsidiaries, where exchange differences are booked in reserves and recognised in the Income Statement when the operation is sold. The remaining foreign exchange and currency swap contracts are effectively economic cash flow hedges, for example using surplus cash in one currency to provide (typically through intercompany debt funding arrangements with overseas subsidiaries) funds to repay debt, or to fund development expenditure or acquisitions in another currency. These instruments have not been designated as hedges. As a consequence, exchange movements in respect of these instruments are taken through the Income Statement. Offsetting these movements are net exchange losses of £14 million (2023: £7 million loss) arising on intercompany debt funding arrangements (discussed above) and exchange movements arising from external borrowings not designated as hedges. This has resulted in exchange differences of £1 million gain (2023: £nil) within net finance costs in Note 9.

The Group seeks to limit its exposure to volatility in foreign exchange rates by hedging its foreign gross assets using either borrowings or derivative instruments. The Group targets a hedging range of between the last reported LTV ratio (28 per cent at 31 December 2024) and 100 per cent. At 31 December 2024, the Group had gross foreign currency assets, which were 75 per cent hedged by gross foreign currency denominated liabilities (2023: 74 per cent).

Further details are provided within the Foreign Currency Translation Risk section of the Financial review on page 46.

The following table details the forward foreign exchange and currency swap contracts outstanding as at the year end:

	Average exchange rates		Currency contract (local currency)		Contract value		Fair value	
	2024	2023	2024 m	2023 m	2024 £m	2023 £m	2024 £m	2023 £m
Group								
Economic cash flow hedges								
Sell euros (buy sterling)	1.15	1.13	545	458	474	404	27	10
Buy euros (sell sterling)	1.20	1.16	3	964	3	831	-	8
Net investment hedges								
Sell euros (buy sterling)	1.21	1.16	101	601	84	517	-	(6)
Total							27	12

Effects of net investment hedge accounting on financial position and performance

The effects of the foreign currency related hedging instruments on the Group's financial position and performance are detailed below.

Forward foreign exchange contracts

The Group designated euro denominated forward foreign exchange contracts as net investment hedges during 2024 and 2023.

There was no ineffectiveness to be recorded from net investments in foreign entity hedges in 2024 and 2023 where the hedging instrument was forward foreign exchange contracts. This is because the critical terms of both the net investment in foreign entity and the hedging instrument match, and at each Balance Sheet date both are revalued to the closing spot rate. Any forward points in the foreign exchange contract are taken to the Income Statement.

	Group	
	2024 £m	2023 £m
Euro forward foreign exchange		
Carrying amount (current liabilities, Note 17(i))	-	(6)
Notional amount	84	517
Maturity date	Jan 2025	Jan 2024
Hedge ratio	1:1	1:1
Change in discounted spot value of hedging instruments since 1 January – gain	20	9
Change in value of hedged item used to determine hedge effectiveness – loss	(20)	(9)
Weighted average hedged rate for the year (including forward points)	1.17	1.15

US private placement notes and bonds

There was no ineffectiveness to be recorded from net investments in foreign entity hedges in 2024 and 2023 where the hedging instrument was US private placement notes or bonds. This is because the critical terms of both the net investment in foreign entity and the hedging instrument match, and at each Balance Sheet date both are revalued to the closing spot rate.

	Group	
	2024 £m	2023 £m
Private placement notes and bonds		
Carrying amount of private placement notes or bonds (non-current borrowings, Note 16)	1,747	1,409
Carrying amount of private placement notes or bonds designated as net investment hedging instruments	1,747	1,409
Hedge ratio	1:1	1:1
Change in carrying amount of USPP notes and bonds as a result of foreign currency movement since 1 January, recognised in OCI – gain	75	26
Change in value of hedged item used to determine hedge effectiveness – loss	(75)	(26)
Weighted average hedged rate for the year (including forward points)	1.21	1.15

The total fair value movements on derivatives and borrowings in effective hedge relationships shown in Other Comprehensive Income for the year ended 31 December 2024 is a gain of £95 million (2023: £35 million gain) and consists of the gain on Euro forward foreign exchange of £20 million (2023: £9 million gain) and gain on US private placement notes and bonds of £75 million (2023: £26 million gain) shown in the tables above.

Notes to the Financial Statements continued**17(v) Interest rate risk management**

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates and invests cash at floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rates. The current Group policy states that 50 to 100 per cent of net borrowings should be at fixed rate provided by long-term debt issues attracting a fixed coupon or from floating rate bank borrowings converted into fixed rate or hedged via interest rate swaps, forwards, caps, collars or floors or options on these products. Hedging activities require approval and are evaluated and reported on regularly to ensure that the policy is being adhered to. The Board reviews the policy on interest rate exposure annually with a view to establishing that it is still relevant in the prevailing and forecast economic environment.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the Balance Sheet date. For floating rate liabilities, the analysis is prepared assuming that the amount of liability outstanding at the Balance Sheet date was outstanding for the whole year. A 2 per cent increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

If interest rates had been 2 per cent higher and all other variables were held constant, the Group's profit for the year ended 31 December 2024 would increase by £10 million (2023: £10 million increase in loss for the year). If interest rates had been 2 per cent lower and all other variables were held constant, the Group's profit for the year ended 31 December 2024 would increase by £8 million (2023: £17 million decrease in loss for the year). The interest rate sensitivity described results in a higher profit in 2024 for both an interest rate rise and an interest rate fall. This is because the Group currently has both interest rate caps hedging floating rate debt interest costs, and interest rate floors hedging floating rate cash interest income. Fixed rate debt issues are held at amortised cost and are not revalued in the Balance Sheet to reflect interest rate movements.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to manage the interest rate risk of the Group's borrowings. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts, based on their contractual maturities (excluding mandatory break clauses), outstanding as at the reporting date:

	Average contract- fixed interest rate		Notional principal amount		Fair value	
	2024 %	2023 %	2024 £m	2023 £m	2024 £m	2023 £m
Pay fixed, receive floating contracts:						
Group						
In one year or less	2.80	-	41	-	-	-
In more than one year but less than two	-	2.80	-	43	-	-
In more than two years but less than five	3.92	3.92	100	100	-	(1)
In more than five years	-	-	-	-	-	-
Total			141	143	-	(1)
Receive fixed, pay floating contracts:						
Group						
In one year or less	-	-	-	-	-	-
In more than one year but less than two	-	-	-	-	-	-
In more than two years but less than five	1.82	1.82	83	87	(4)	(6)
In more than five years	1.86	1.86	537	565	(115)	(136)
Total			620	652	(119)	(142)

The above are effective economic hedges although the Group has not elected to adopt hedge accounting for them, hence their change in fair value is taken direct to the Income Statement.

The interest rate swaps settle on either a three-month or six-month basis with the floating rate side based on the EURIBOR or sterling SONIA rate for the relevant period. The Group will settle or receive the difference between the fixed and floating interest rate on a net basis.

Interest rate cap contracts

The Group agrees to receive floating rate interest amounts calculated on agreed notional principal amounts, should prevailing market rates rise above a specified strike rate using interest rate caps.

Such contracts enable the Group to manage the interest rate risk of the Group's floating rate borrowings. The fair value of interest rate caps at the reporting date is determined by discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

Notes to the Financial Statements continued

The following tables detail the notional principal amounts and remaining terms of interest rate cap contracts, based on their contractual maturities, outstanding as at the reporting date:

	Average strike price		Notional amount		Fair value	
	2024 %	2023 %	2024 £m	2023 £m	2024 £m	2023 £m
Group						
In one year or less	2.64	3.73	477	202	1	-
In more than one year but less than two ¹	2.32	2.91	248	300	1	3
In more than two years but less than five ²	1.77	2.57	686	215	20	4
In more than five years	-	1.50	-	435	-	30
Total			1,411	1,152	22	37

1 Includes forward starting interest rate caps, with a notional amount totalling €150 million, 2.07% average strike, and £0.3 million fair value.

2 Includes forward starting interest rate caps, with a notional amount totalling €232 million, 2.00% average strike, and £1.8 million fair value.

The above are effective economic hedges although the Group has not elected to adopt hedge accounting for them, hence their change in fair value is taken direct to the Income Statement.

The interest rate caps settle on a three-month basis based on the EURIBOR rate for the relevant period. The Group will receive the difference between the floating rate and the specified strike rate.

Interest rate floor contracts

The Group agrees to receive floating rate interest amounts calculated on agreed notional principal amounts, should prevailing market rates fall below a specified strike rate using interest rate floor contracts.

Such contracts enable the Group to manage the interest rate risk of the Group's cash balances which are invested in funds generating a floating rate of interest. The fair value of interest rate floors at the reporting date is determined by discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The following tables detail the notional principal amounts and remaining terms of interest rate floor contracts, based on their contractual maturities, outstanding as at the reporting date:

	Average strike price		Notional principal amount		Fair value	
	2024 %	2023 %	2024 £m	2023 £m	2024 £m	2023 £m
Group						
In one year or less	4.69	-	900	-	2	-
In more than one year but less than two	-	-	-	-	-	-
In more than two years but less than five	-	-	-	-	-	-
In more than five years	-	-	-	-	-	-
Total			900	-	2	-

The above are effective economic hedges although the Group has not elected to adopt hedge accounting for them, hence their change in fair value is taken direct to the Income Statement.

The interest rate floors settle on a three-month basis based on the compounded SONIA rate for the relevant period. The Group will receive the difference between the floating rate and the specified strike rate.

17(vi) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Potential customers are evaluated for creditworthiness and where necessary collateral is secured. There is no concentration of credit risk within the lease portfolio to either business sector or individual company as the Group has a diverse customer base with no one customer accounting for more than 6 per cent of rental income. Trade receivables were less than 1 per cent of total assets at 31 December 2024 and at 31 December 2023.

The ageing of the Group's trade receivables and the carrying amount net of loss allowances is set out below.

	2024			2023		
	Gross amount £m	Loss allowance £m	Net carrying amount £m	Gross amount £m	Loss allowance £m	Net carrying amount £m
Group						
0-30 days	6	(2)	4	7	(1)	6
30-60 days	3	(1)	2	1	-	1
60-90 days	-	-	-	1	-	1
90-180 days	2	(1)	1	5	(3)	2
>180 days	5	(4)	1	4	(3)	1
Past due	16	(8)	8	18	(7)	11
Not due	58	(1)	57	55	(3)	52
Total trade receivables	74	(9)	65	73	(10)	63

Gross trade receivables mainly consists of amounts invoiced for rent, service charge and management fees, which form part of Revenue (see Note 4) and are inclusive of VAT. Trade receivables at 31 December 2024 includes amounts due for 2024 rent and amounts billed in advance for 2025 rent. Both amounts have been considered in measuring expected credit losses (ECLs) detailed further below. The amounts billed in advance for 2025 rent are included within the 'Not due' category in the table above.

Total gross trade receivables 'past due' at 31 December 2024 were £16 million (2023: £18 million), 3 per cent of total gross rental income for the year (2023: 3 per cent).

Trade receivables are presented in the Balance Sheet net of loss allowances. The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECLs) which uses a lifetime expected loss allowance for all trade receivables. Expected loss rates are based on the historic credit loss experienced and adjusted for current and forward information affecting the ability of the individual customers to settle receivables. Trade receivables are written off when there is no reasonable expectation of recovery.

Notes to the Financial Statements continued

18. Share Capital and Share-Based Payments**Share capital
Group and Company**

	Number of shares million	Par value of shares £m
Issued and fully paid		
Ordinary shares of 10p each at 1 January 2024	1,228	123
Issue of shares – placing	111	11
Issue of shares – scrip dividends	13	1
Issue of shares – other	1	–
Ordinary shares of 10p each at 31 December 2024	1,353	135

	Number of shares million	Par value of shares £m
Issued and fully paid		
Ordinary shares of 10p each at 1 January 2023	1,209	121
Issue of shares – scrip dividend	18	2
Issue of shares – other	1	–
Ordinary shares of 10p each at 31 December 2023	1,228	123

On 27 February 2024 the Company announced the placing of 111 million ordinary shares of 10 pence each in the capital of the Company at a price of 820.0 pence per share. The Company raised £907 million, before £18 million expenses resulting in cash proceeds of £889 million. Consequently, the Company's share capital increased by £11 million and share premium by £878 million.

Share-based payments

The Group operates the share-based payments schemes set out below.

18(i) – Deferred Share Bonus Plan (DSBP)

The DSBP is for Executive Directors and senior managers. A percentage of any payment made under the Bonus Scheme is deferred to shares and held in trust for three years. The percentage subject to deferral for Executive Directors is 50 per cent of the Bonus payment. This scheme is detailed in the Remuneration Report on page 124. If a participant ceases to be employed by the Group, the award will lapse unless the participant is deemed to be a 'good leaver', in which case the award will be released on the vesting date.

	2024 number	2023 number
At 1 January	1,187,381	1,034,807
Shares granted DSBP	332,487	479,754
Shares vested	(187,792)	(327,180)
Shares expired/lapsed	(92,722)	–
At 31 December	1,239,354	1,187,381

The 2023 DSBP grant was made on 26 April 2024, based on a 25 April 2024 closing mid-market share price of 843.4 pence.

18(ii) – Long Term Incentive Plan (LTIP)

The LTIP is a discretionary employee share scheme for Executive Directors and senior managers. Vesting of awards is subject to three-year performance conditions and is at the discretion of the Remuneration Committee. The performance conditions of the LTIP are detailed in the Remuneration Report on page 125.

If a participant ceases to be employed by the Group, the award will lapse, unless the participant is deemed to be a 'good leaver', in which case the award will be reduced pro-rata on length of employment in relation to the award date. For Executive Directors a compulsory two-year post-vesting holding period follows the three-year performance period.

	2024 number	2023 number
At 1 January	4,668,321	3,986,588
Shares granted LTIP	1,476,521	1,639,625
Shares vested	(1,019,115)	(745,044)
Shares expired/lapsed	(478,401)	(212,848)
At 31 December	4,647,326	4,668,321

The 2024 LTIP award was made on 22 March 2024. The calculation of the award was based on a share price of 889.2 pence, the closing mid-market share price on 21 March 2024. No consideration was paid for the grant of any award.

The Black-Scholes model has been used to fair value the shares granted currently under award, apart from the TSR elements of the award which uses the Monte Carlo model. The assumptions used are as follows:

Date of grant	26 March 2020	29 March 2021	5 May 2022	24 March 2023	22 March 2024
Market price used for award	786.8p	933.0p	1,162.5p	737.8p	889.2p
Risk-free interest rate	0.12%	0.13%	1.68%	3.33%	4.18%
Dividend yield	2.6%	2.4%	1.9%	3.1%	3.3%
Volatility	17.1%	22.3%	24.7%	28.3%	29.4%
Term	3 years	3 years	3 years	3 years	3 years
Fair value per share	654.4p	375.3p	493.1p	338.9p	520.1p

18(iii) – Other share schemes

The Group also operates the following all-employee share schemes.

- Share Incentive Plan (SIP)
- Global Share Incentive Plan (GSIP)
- Sharesave

Further details of these schemes are set out in the Remuneration Report on page 125. The total share-based payment charge for the other share schemes recognised in the 2024 Income Statement was £1 million (2023: £1 million). The total number of outstanding shares and options for these schemes as at 31 December 2024 was 963,176 (2023: 891,652).

Notes to the Financial Statements continued**19. Share Premium and Other Reserves****Share premium**

Group and Company	2024 £m	2023 £m
Balance at 1 January	3,577	3,449
Premium arising on the issue of shares – placing ¹	878	-
Premium arising on the issue of shares – scrip dividend	114	127
Premium arising on the issue of shares – other	-	1
Balance at 31 December	4,569	3,577

¹ See Note 18 for details on the 2024 share placing.

Capital redemption reserve

The capital redemption reserve of £114 million arose in 2009 where shares were reclassified, cancelled and consolidated in connection with a rights issue.

Own shares held reserve

The own shares held reserve represent the cost of shares in SEGRO plc bought in the open market and held by Ocorian Limited and Equiniti Limited, to satisfy various Group share schemes.

Other reserves

Other reserves shown on the Group Balance Sheet of £124 million (2023: £204 million) is made up of the following reserves:

The merger reserve of £169 million (2023: £169 million) arose in 2009 in connection with the acquisition of Brixton plc where the Group acquired 100 per cent of the voting equity of Brixton plc in a share for share exchange.

The Group translation, hedging and other reserves of £70 million deficit (2023: £7 million surplus) comprises all foreign exchange differences arising from the translation of the Financial Statements of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in foreign denominated subsidiaries.

The Group share-based payment reserve of £25 million (2023: £28 million) reflects the increase in equity in connection with share-based payment transactions accounted for under IFRS 2.

20. Commitments

Contractual obligations to purchase, construct, develop, repair, maintain or enhance assets are as follows:

Group	2024 £m	2023 £m
Properties ¹	210	236

¹ As detailed on page 38 of the Strategic Report, the Group (including joint ventures and associates at share) is expected to invest approximately £500 million in development capex during 2025. This amount includes committed and uncommitted capex.

In addition, commitments in the Group's joint ventures and associates at 31 December 2024 (at share) amounted to £2 million (2023: £19 million). The Group also has a £4 million commitment to property related investment funds at 31 December 2024 (2023: £6 million).

21. Contingent Liabilities

The Group has given performance guarantees to third parties amounting to £46 million (2023: £54 million) in respect of development contracts of subsidiary undertakings. It is unlikely that these contingencies will crystallise.

The Company has guaranteed loans, bank overdrafts and euro bonds of subsidiary undertakings and has indicated its intention to provide the necessary support required by its subsidiaries.

The Group and joint ventures are subject to claims and litigation generally and provides guarantees, representations and warranties arising in the ordinary course of its business. Provision is made when liabilities are considered likely to arise and the expected quantum of the exposure is able to be estimated. The risk in relation to such items are monitored on an ongoing basis and provisions amended accordingly. It is not expected that contingent liabilities existing at 31 December 2024 will have a material adverse effect on the Group's financial position.

22. Leases**The Group as a lessor**

The investment properties are leased to tenants under operating leases with rentals payable on a monthly or quarterly basis. Lease payments for some contracts include inflationary index increases, but there are no significant levels of variable lease payments that do not depend on an index or a rate. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees or tenant deposits for the term of the lease. The Group is exposed to changes in the residual value of properties at the end of current lease agreements. The residual value risk borne by the Group is mitigated by active management of its property portfolio and discussed further in the Asset Management update on pages 40 to 41. The Group does not hold significant finance leases as a lessor.

Future aggregate minimum rentals receivable under non-cancellable operating leases are:

	Group £m	Joint ventures and associates at share £m	2024 £m	2023 £m
Not later than one year	499	114	613	606
Later than one year, not later than two years	447	103	550	523
Later than two years, not later than three years	397	91	488	453
Later than three years, not later than four years	346	74	420	399
Later than four years, not later than five years	297	58	355	345
Later than five years	1,911	179	2,090	2,297
Balance at 31 December	3,897	619	4,516	4,623

There are no significant levels of contingent rent in the current or prior year.

Notes to the Financial Statements continued**23. Related Party Transactions****Group**

Transactions during the year between the Group and its joint ventures are disclosed below:

	2024 £m	2023 £m
Dividends received	29	38
Assets sold to joint ventures ¹	-	18
Management fee income	26	29
Performance fee income	-	89

1 During 2023, investment properties with a carrying value of £18 million were sold to SELP. Total proceeds (and total cash proceeds) received by SEGRO was £18 million. The transaction resulted in the net assets of the Group increasing by £nil. The net cash impact on a proportionally consolidated basis was an inflow of £9 million once the 50 per cent ownership in SELP is taken into account. No assets were sold to SELP during 2024.

Amounts due from joint ventures and associates are disclosed in Note 14. Investments in joint ventures and associates at 31 December 2024 of £1,552 million disclosed in Note 7 (2023: £1,636 million) includes shareholder loans of £84 million (2023: £89 million). Outstanding loans and amounts due are generally charged interest at market rates and are unsecured. Loans held with joint ventures and associates are either cash settled or converted into share capital.

Transactions between the Company and its subsidiaries eliminate on consolidation and are not disclosed in this Note.

Company

Amounts due from subsidiaries are disclosed in Note 7 and amounts due to subsidiaries are disclosed in Note 15.

None of the above Group or Company balances are secured.

Remuneration of key management personnel

Key management personnel for the Group and Company comprise Executive and Non-Executive Directors, as outlined in the Governance Report on pages 76 to 78. Key management personnel compensation is shown in the table below:

	2024 £m	2023 £m
Salaries and short-term benefits	4	5
Share-based payments	2	3
Total remuneration	6	8

More detailed information concerning Directors' remuneration, shareholdings, pension entitlements, share options and other long-term incentive plans, as required by the Companies Act 2006, is shown in the Remuneration Report on pages 105 to 131.

24. Notes to the Cash Flow Statements**24(i) – Reconciliation of cash generated from operations**

	Group	
	2024 £m	2023 £m
Operating profit/(loss)	703	(180)
Adjustments for:		
Depreciation of property, plant and equipment and amortisation of intangibles	12	6
Share of (profit)/loss from joint ventures and associates after tax	(53)	76
Profit on sale of properties	(75)	(39)
Revaluation (surplus)/deficit on investment properties	(120)	647
Other provisions	5	8
Increase in impairment of loan held with associate	-	28
	472	546
Changes in working capital:		
(Increase)/decrease in trading properties	(3)	33
Increase in debtors and tenant incentives	(18)	(22)
Increase in creditors	8	27
Net cash inflow generated from operations	459	584

24(ii) – Deposits

Term deposits for a period of three months or less are included within cash and cash equivalents.

24(iii) – Analysis of net debt

Management defines net debt as total borrowing less cash and cash equivalents.

	Cash movements		Non-cash movements				At 31 December 2024 £m
	At 1 January 2024 £m	Cash inflow ¹ £m	Cash outflow ² £m	Exchange movement £m	Cost of early close out of debt £m	Other non-cash adjustments ³ £m	
Group							
Bank loans and loan capital	5,387	419	(999)	(166)	-	-	4,641
Capitalised finance costs	(39)	-	(7)	-	2	10	(34)
Total borrowings	5,348	419	(1,006)	(166)	2	10	4,607
Cash and cash equivalents	(376)	-	13	-	-	-	(363)
Net debt	4,972	419	(993)	(166)	2	10	4,244

1 Proceeds from borrowings of £419 million.

2 Cash outflow of £1,006 million, comprises repayment of borrowings of £999 million and capitalised finance costs of £7 million.

3 Total other non-cash adjustment of £10 million relates to the amortisation of issue costs offset against borrowings.

Notes to the Financial Statements continued

24(iv) – Analysis of financial liabilities and assets arising from financing activities

For the year ended 31 December 2024

	Cash movements			Non-cash movements				At 31 December 2024 £m
	At 1 January 2024 £m	Cash inflow £m	Cash outflow £m	Exchange movement ¹ £m	Net fair value changes ² £m	Cost of early close of debt £m	Other non-cash adjustments £m	
Group								
Total borrowings (Note 16)	5,348	419	(1,006)	(166)	-	2	10	4,607
Derivatives: (Net) Fair value of forward foreign exchange and currency swap contracts (Note 17)	(12)	1	-	(16)	-	-	-	(27)
Lease liabilities (Note 15) ³	74	-	(5)	(3)	-	-	4	70
Total net financial liabilities arising from financing activities	5,410	420	(1,011)	(185)	-	2	14	4,650

1 Exchange movement of £182 million from borrowings and forward foreign exchange and currency swap contracts consists of: Foreign exchange gain on effective hedge relationships recognised in OCI of £95 million, foreign exchange gain arising on translation of borrowings held in international operations recognised in OCI of £72 million and foreign exchange gain recognised within the Income Statement of £15 million. See Note 17(iv).

2 Total net fair value gain of £3 million arising from derivatives per Note 9 also includes fair value gain from interest rate derivatives of £3 million.

3 Lease liabilities cash outflows of £5 million consists of: £3 million interest payment and £2 million principal elements payment.

For the year ended 31 December 2023

	Cash movements			Non-cash movements				At 31 December 2023 £m
	At 1 January 2023 £m	Cash inflow £m	Cash outflow £m	Exchange movement ¹ £m	Net fair value changes ² £m	Cost of early close of debt £m	Other non-cash adjustments £m	
Group								
Total borrowings (Note 16)	4,884	961	(448) ⁴	(58)	-	1	8	5,348
Derivatives: (Net) Fair value of forward foreign exchange and currency swap contracts (Note 17)	2	-	(2)	(9)	(3)	-	-	(12)
Lease liabilities (Note 15) ³	77	-	(5)	(1)	-	-	3	74
Total net financial liabilities arising from financing activities	4,963	961	(455)	(68)	(3)	1	11	5,410

1 Exchange movement of £67 million from borrowings and forward foreign exchange and currency swap contracts consists of: Foreign exchange gain on effective hedge relationships recognised in OCI of £35 million and foreign exchange gain arising on translation of borrowings held in international operations recognised in OCI of £25 million and foreign exchange gain recognised within the Income Statement of £7 million. See Note 17(iv).

2 Total net fair value gain of £24 million arising from derivatives per Note 9 also includes fair value gain from interest rate swaps and caps of £21 million.

3 Lease liabilities cash outflows of £5 million consists of: £3 million interest payment and £2 million principal elements payment.

4 Cash outflow from the total borrowings of £448 million, comprises repayment of borrowings of £444 million, cash settlement for early repayment of debt of £1 million and capitalised finance costs of £3 million.

25. Property Valuation Techniques, Sustainability and Climate Change Considerations and Related Quantitative Information

All of the Group's properties are level 3, as defined by IFRS 13, in the fair value hierarchy as at 31 December 2024 and there were no transfers between levels during the year. Level 3 inputs used in valuing the properties are those which are unobservable, as opposed to level 1 (inputs from quoted prices) and level 2 (observable inputs either directly, i.e. as prices, or indirectly, i.e. derived from prices).

Valuation techniques

Based on different approaches for different properties, the following valuation techniques can be used for the same class of assets:

The yield methodology valuation technique is used when valuing the Group's assets which uses market rental values capitalised with a market capitalisation rate. The resulting valuations are cross-checked against the initial yields and the fair market values per square metre derived from actual market transactions for similar assets.

Notes to the Financial Statements continued

For properties under construction and the majority of land held for development, properties are valued using a residual method valuation. Under this methodology, the valuer assesses the investment value (using the above mentioned methodology for completed buildings). Deductions are then made for the total estimated costs to complete, including notional finance costs and developer's profit, to take into account the hypothetical purchaser's management of the remaining development process and their perception of risk with regard to construction and the property market (e.g. as regards potential cost overruns and letting risk). Land values are cross-checked against the rate per hectare derived from actual market transactions. Other land is also valued on this comparative basis. Land values per hectare range from £0.1 million – £41.5 million (2023: £0.1 million – £41.5 million) for the UK and £0.1 million – £11.4 million (2023: £0.1 million – £12.7 million) for Continental Europe.

Sustainability valuation considerations

The Group's valuers, CBRE, note in their valuation report that the impact of sustainability factors on valuations have been considered. In a valuation context, 'sustainability' encompasses a wide range of physical, social, environmental, and economic factors that can affect value of an asset, even if not explicitly recognised. The valuers consider the following areas to have the most potential to impact on the value of an asset: Energy Performance; Green Certification; Sources of Fuel and Renewable Energy Sources and Physical Risk/Climate Risk. The valuers have considered in particular the EPC ratings and the appropriate capital expenditure which will be required to obtain the necessary EPC rating to attract and maintain the tenants required in the future. The valuers are also aware of the impact of flood risk and have noted the impact this has had on potential purchasers.

Climate risk legislation

The UK Government and the EU is currently producing legislation on the transition to net-zero. The UK Government is currently producing legislation which enforces the transition to net-zero by 2050, and the stated 78 per cent reduction of greenhouse gases by 2035. This is understood to include an update to the Minimum Energy Efficiency Standards, stated to increase the minimum requirements for non-domestic properties from an E to a B in 2030. The UK Government also intends to introduce an operational rating. It is not yet clear how this will be legislated, but fossil fuels used in buildings, such as natural gas for heating, are incompatible with the UK's commitment to be net-zero carbon by 2050. This upcoming legislation could have a potential impact to future asset value.

The introduction of mandatory climate-related disclosures in the UK and EU (including 'Task Force on Climate-related Financial Disclosures' (TCFD) in the UK and 'Sustainable Finance Disclosure Regulations' (SFDR) and 'Corporate Sustainability Reporting Directive' (CSRD) in the EU), including the assessment of physical and transition climate risks, may potentially have an impact on how the market views such risks and incorporates them into the sale and letting of assets.

Sustainability and climate risk legislation has an impact on the value of an asset, even if not explicitly recognised. Where the valuers recognise the value impacts of sustainability and legislation, they are reflecting their understanding of how market participants include sustainability and legislation requirements in their bids and the impact on market valuations.

Sensitivity analysis

An increase/decrease to ERV will increase/decrease valuations, while an increase/decrease to yield will decrease/increase valuations. Sensitivity analysis showing the impact on valuations of changes in yields and ERV on the property portfolio (including joint ventures and associates at share) and the impact on valuations of changes in development costs on the development property and land portfolio (including joint ventures and associates at share) is shown below.

Management still considers a +/- 25bp change in yield, a +/- 5 per cent change in ERV and a +/- 10 per cent change in development costs to be reasonably possible changes to the assumptions.

	Group £m	Impact on valuation of 25bp change in equivalent yield		Impact on valuation of 5% change in estimated rental value (ERV)		Impact on valuation of 10% change in estimated development costs	
		Increase £m	Decrease £m	Increase £m	Decrease £m	Increase £m	Decrease £m
2024							
Completed property	15,453	(734)	807	576	(571)	-	-
Development property and land	2,317	(190)	203	287	(287)	(351)	351
Group total property portfolio	17,770	(924)	1,010	863	(858)	(351)	351

	Group £m	Impact on valuation of 25bp change in equivalent yield		Impact on valuation of 5% change in estimated rental value (ERV)		Impact on valuation of 10% change in estimated development costs	
		Increase £m	Decrease £m	Increase £m	Decrease £m	Increase £m	Decrease £m
2023							
Completed property	15,255	(742)	819	570	(563)	-	-
Development property and land	2,507	(210)	225	310	(310)	(385)	385
Group total property portfolio	17,762	(952)	1,044	880	(873)	(385)	385

There are inter-relationships between all these inputs as they are determined by market conditions. The existence of an increase in more than one input would be to magnify the impact on the valuation. The impact on the valuation will be mitigated by the inter-relationship of two inputs in opposite directions, for example, an increase in rent may be offset by an increase in yield. The yield sensitivity is based on the equivalent yield which closely aligns with the net true equivalent yield inputs shown in the tables below. The tables below includes the Group's wholly-owned and joint venture and associate assets at share in order to include the entire portfolio. The equivalent analysis for the range of inputs on a wholly-owned basis would not be significantly different.

Notes to the Financial Statements continued

	Valuation			Inputs			
	Completed £m	Land & development ¹ £m	Combined property portfolio £m	ERV ² £ per sq m	ERV range ² £ per sq m	Net true equivalent yield ³ %	Net true equivalent yield range ³ %
2024 By asset type							
Big box warehouses	5,050	–	5,050	64.8	33.1–204.5	5.6	4.6–7.2
Urban warehouses	8,759	–	8,759	166.0	25.0–395.6	5.2	4.4–9.7
Data centres	1,284	–	1,284	306.5	146.4–387.4	5.4	4.6–5.6
Other uses of industrial land ⁴	360	–	360	215.3	49.6–645.8	7.4	4.5–11.8
	15,453	2,317	17,770	99.9	25.0–645.8	5.4	4.4–11.8
By ownership							
Wholly-owned ⁵	13,015	2,229	15,244	143.1	25.0–645.8	5.3	4.4–11.8
Joint ventures and associates	2,438	88	2,526	58.4	35.7–314.8	5.6	4.6–7.2
Group Total	15,453	2,317	17,770	99.9	25.0–645.8	5.4	4.4–11.8

1 Land and development valuations by asset type are not available as land sites are not categorised by asset type.

Combined property portfolio column will not cast down but row does cast across.

2 On a fully occupied basis.

3 In relation to the completed properties only.

4 Other uses of industrial land includes offices and retail uses, such as trade counters, car showrooms and self-storage facilities.

5 Included in the completed portfolio, the wholly-owned assets are: big box £2,702 million; urban warehouses £8,672 million; data centres £1,284 million; and other uses of industrial land £357 million.

	Valuation			Inputs			
	Completed £m	Land & development £m	Combined property portfolio £m	ERV ¹ £ per sq m	ERV range ¹ £ per sq m	Net true equivalent yield ² %	Net true equivalent yield range ² %
2024 By geography							
UK	10,039	1,452	11,491	195.8	45.0–645.8	5.3	4.5–11.8
CE	5,414	865	6,279	64.5	25.0–248.1	5.6	4.4–9.7
Group Total	15,453	2,317	17,770	99.9	25.0–645.8	5.4	4.4–11.8
Investment properties – Group (Note 13) ³			15,236				
Investment properties – Joint ventures and associates (Note 7(ii))			2,526				
Trading properties – Group ⁴			8				
Group Total			17,770				

1 On a fully occupied basis.

2 In relation to the completed properties only.

3 Excludes head lease ROU assets of £67 million.

4 Includes valuation surplus not recognised on trading properties of £2 million.

	Valuation			Inputs			
	Completed £m	Land & development ¹ £m	Combined property portfolio £m	ERV ² £ per sq m	ERV range ² £ per sq m	Net true equivalent yield ³ %	Net true equivalent yield range ³ %
2023 By asset type							
Big box warehouses	4,837	–	4,837	63.3	34.8–203.3	5.4	4.5–6.8
Urban warehouses	8,832	–	8,832	163.6	26.3–497.4	5.1	4.3–9.7
Data centres	1,229	–	1,229	303.2	146.4–387.4	5.4	4.4–5.6
Other uses of industrial land ⁴	357	–	357	207.5	52.2–538.2	7.2	4.3–10.6
	15,255	2,507	17,762	98.0	26.3–538.2	5.3	4.3–10.6
By ownership							
Wholly-owned ⁵	12,463	2,384	14,847	147.4	26.3–538.2	5.2	4.3–10.6
Joint ventures and associates	2,792	123	2,915	58.3	36.5–133.5	5.5	4.5–8.5
Group Total	15,255	2,507	17,762	98.0	26.3–538.2	5.3	4.3–10.6

1 Land and development valuations by asset type are not available as land sites are not categorised by asset type.

Combined property portfolio column will not cast down but row does cast across.

2 On a fully occupied basis.

3 In relation to the completed properties only.

4 Other uses of industrial land includes offices and retail uses, such as trade counters, car showrooms and self-storage facilities.

5 Included in the completed portfolio, the wholly-owned assets are: big box £2,099 million; urban warehouses £8,780 million; data centres £1,229 million; and other uses of industrial land £355 million.

	Valuation			Inputs			
	Completed £m	Land & development £m	Combined property portfolio £m	ERV ¹ £ per sq m	ERV range ¹ £ per sq m	Net true equivalent yield ² %	Net true equivalent yield range ² %
2023 By geography							
UK	9,635	1,546	11,181	194.3	45.0–538.2	5.2	4.3–10.6
CE	5,620	961	6,581	64.7	26.3–210.9	5.6	4.3–9.7
Group Total	15,255	2,507	17,762	98.0	26.3–538.2	5.3	4.3–10.6
Investment properties – Group (Note 13) ³			14,843				
Investment properties – Joint ventures and associates (Note 7(ii))			2,915				
Trading properties – Group ⁴			4				
Group Total			17,762				

1 On a fully occupied basis.

2 In relation to the completed properties only.

3 Excludes head lease ROU assets of £71 million.

4 Includes valuation surplus not recognised on trading properties of £1 million.

Notes to the Financial Statements continued**26. Subsequent Events**

On 28 January 2025, the Group's joint venture SEGRO European Logistics Partnership (SELP) exchanged on the purchase of a portfolio of six assets from Titanium Ruth Holdco Limited (formerly known as Tritax EuroBox plc). The transaction values 100 per cent of the assets at €470 million, including relevant property taxes and subject to customary adjustments. The transaction is conditional on European Union anti-trust clearance, which is expected in the first quarter of 2025.

27. Related Undertakings

A list of the Group's related undertakings as at 31 December 2024 is detailed below. Except where the Group's percentage holdings is disclosed below, the entire share capital of the subsidiary undertaking is held by the Group. Unless otherwise stated, the Group's holding in the subsidiary undertaking comprise ordinary shares. Where subsidiaries have different classes of shares, the percentage effective holding shown represents both the Group's voting rights and equity holding. All subsidiaries are consolidated in the Group's Financial Statements. The Group's related undertakings also includes its joint ventures and associates, which is primarily SELP.

Audit exemption taken for subsidiaries

Certain UK subsidiaries are exempt from the requirement of the Companies Act 2006 (the Act) relating to the audit of individual accounts by virtue of Section 479A of the Act. These subsidiaries are identified with two asterisks (**) on the table below.

Certain UK partnerships are exempt from the requirement to prepare, publish and have audited individual accounts by virtue of regulation 7 of The Partnership (Accountants) Regulations 2008. The results of these partnerships are consolidated within the Group accounts and are identified with three asterisks (***) on the table below.

Company Name	Jurisdiction	% effective holding if not 100%	Direct/Indirect	Registered Office
Airport Property GP (No. 2) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Airport Property H1 Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Airport Property Partnership***,3	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Allnatt London Properties Limited**	England and Wales		Direct	1 New Burlington Place, London, W1S 2HR, United Kingdom
Amdale Holdings Limited NV	Belgium		Indirect	Boulevard Louis Schmidt 87, 1040 Etterbeek, Belgium
Beira Investments Sp z.o.o.	Poland		Indirect	Pl. Andersa 3, 61-894 Poznań, Poland
Bilton Homes Limited ²	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Bilton Limited**	England and Wales		Direct	1 New Burlington Place, London, W1S 2HR, United Kingdom
Bonsol S.R.L.	Italy		Indirect	Strada 3 Palazzo B3, 20057 Assago Milanofiori, Milan, Italy
Brixton (Axis Park) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom

Company Name	Jurisdiction	% effective holding if not 100%	Direct/Indirect	Registered Office
Brixton (Great Western, Southall) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Brixton (Hatton Cross) 1 Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Brixton (Metropolitan Park) 1 Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Brixton (Origin) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Brixton Asset Management UK Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Brixton Greenford Park Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Brixton Limited**	England and Wales		Direct	1 New Burlington Place, London, W1S 2HR, United Kingdom
Brixton Nominee 8 (Jersey) Limited	Jersey		Indirect	3rd Floor, One The Esplanade, St Helier, JE2 3QA, Jersey
Brixton Nominee 9 (Jersey) Limited	Jersey		Indirect	3rd Floor, One The Esplanade, St Helier, JE2 3QA, Jersey
Brixton Nominee 26 (Jersey) Limited	Jersey		Indirect	3rd Floor, One The Esplanade, St Helier, JE2 3QA, Jersey
Brixton Nominee 27 (Jersey) Limited	Jersey		Indirect	3rd Floor, One The Esplanade, St Helier, JE2 3QA, Jersey
Brixton Nominee 38 (Jersey) Limited	Jersey		Indirect	3rd Floor, One The Esplanade, St Helier, JE2 3QA, Jersey
Brixton Nominee 39 (Jersey) Limited	Jersey		Indirect	3rd Floor, One The Esplanade, St Helier, JE2 3QA, Jersey
Brixton Nominee 40 (Jersey) Limited	Jersey		Indirect	3rd Floor, One The Esplanade, St Helier, JE2 3QA, Jersey
Brixton Nominee 41 (Jersey) Limited	Jersey		Indirect	3rd Floor, One The Esplanade, St Helier, JE2 3QA, Jersey
Brixton Nominee Axis Park 1 Limited	Jersey		Indirect	3rd Floor, One The Esplanade, St Helier, JE2 3QA, Jersey
Brixton Nominee Axis Park 2 Limited	Jersey		Indirect	3rd Floor, One The Esplanade, St Helier, JE2 3QA, Jersey
Brixton Nominee Polar Park 1 Limited	Jersey		Indirect	3rd Floor, One The Esplanade, St Helier, JE2 3QA, Jersey
Brixton Nominee Polar Park 2 Limited	Jersey		Indirect	3rd Floor, One The Esplanade, St Helier, JE2 3QA, Jersey
Brixton Nominee Premier Park 1 Limited	Jersey		Indirect	3rd Floor, One The Esplanade, St Helier, JE2 3QA, Jersey
Brixton Nominee Premier Park 2 Limited	Jersey		Indirect	3rd Floor, One The Esplanade, St Helier, JE2 3QA, Jersey
Brixton Premier Park Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Brixton Properties Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Brixton Sub-Holdings Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom

Notes to the Financial Statements continued

Company Name	Jurisdiction	% effective holding if not 100%	Direct/Indirect	Registered Office
Coventry & Warwickshire Development Partnership LLP ³	England and Wales		Indirect	Two Friargate, Station Square, Coventry, England, CV1 2GN
CWDP Investment Limited**	England and Wales		Indirect	Two Friargate, Station Square, Coventry, England, CV1 2GN
Dagenham Park Management Company Limited** ^{4,8}	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
De Hoek-Noord S-Park B.V.	Netherlands		Indirect	Gustav Mahlerplein 62, ITO-toren, 8th Floor, 1082MA Amsterdam, Netherlands
Devon Nominees (No. 1) Limited ²	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Devon Nominees (No. 2) Limited ²	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Devon Nominees (No. 3) Limited ²	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
ER 3 S.R.L.	Italy		Indirect	Strada 3 Palazzo B3, 20057 Assago Milanofiori, Milan, Italy
Gateway Rugby Management Company Limited** ⁴	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Granby Investment Sp. z.o.o.	Poland		Indirect	ul. Marszałkowska 126/134, 00-008 Warszawa
Gront Four s.r.o.	Czech Republic		Indirect	Praha 1, Na příkopě 393/11, Staré Město, PSČ 110 00, Czech Republic
Hatton Farm Estates Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Helios Northern Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
HelioSlough Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Holbury Investments Sp. z.o.o.	Poland		Indirect	Pl. Andersa 3, 61-894 Poznań, Poland
IFP S.R.L.	Italy		Indirect	Strada 3 Palazzo B3, 20057 Assago Milanofiori, Milan, Italy
IMPIANTI FTV S.R.L.	Italy		Indirect	Strada 3 Palazzo B3, 20057 Assago Milanofiori, Milan, Italy
Karnal Investment Sp z.o.o.	Poland		Indirect	ul. Marszałkowska 126/134, 00-008 Warszawa
London Distribution Park No.2 LLP ³	England and Wales	50	Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Lynford Investments Sp z.o.o.	Poland		Indirect	ul. Marszałkowska 126/134, 00-008 Warszawa
Ożarów Biznes Park Sp.z.o.o	Poland		Indirect	Pl. Andersa 3, 61-894 Poznań, Poland
Premier Greenford GP Limited ^{2,5}	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Property Management Company (Croydon) Limited	England and Wales	72	Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Reprendre Racines SAS	France		Indirect	20 rue Brunel, 75017 Paris, France

Company Name	Jurisdiction	% effective holding if not 100%	Direct/Indirect	Registered Office
Roxhill (Maidstone) Limited ¹	England and Wales	50	Indirect	C/O BDO LLP, Temple Square, Temple Street, Liverpool, L2 5RH, United Kingdom
Roxhill Management Rugby Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Roxhill Warth 2 Limited**	England and Wales	28	Indirect	Lumonics House Valley Drive, Swift Valley, Rugby, Warwickshire, CV21 1TQ, United Kingdom
Roxhill Warth 3 Limited**	England and Wales	50	Indirect	Lumonics House Valley Drive, Swift Valley, Rugby, Warwickshire, CV21 1TQ, United Kingdom
SEGRO (225 Bath Road) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Acton Park Estate) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (BA World Cargo) Limited	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Barking 1) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Barking 2) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Barking 3) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Barking) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Beddington Lane) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Belvedere Estate) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Birmingham) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Blanc Mesnil) SARL	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO (Bonded Stores) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Brackmills) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Bracknell) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Clapham North) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Colnbrook) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Coronation Road) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Coventry Gateway Management Company) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Coventry M6 J2) Limited	England and Wales		Indirect	Two Friargate, Station Square, Coventry, England, CV1 2GN

Notes to the Financial Statements continued

Company Name	Jurisdiction	% effective holding if not 100%	Direct/Indirect	Registered Office
SEGRO (Coventry) Limited**	England and Wales		Indirect	Two Friargate, Station Square, Coventry, England, CV1 2GN
SEGRO (Dagenham) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Deptford Trading Estate) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (D-Link House) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (East Plus) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (East Plus) Trading Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Electra Park) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (EMG) Limited	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (EMG Management Company) Limited** ⁵	England and Wales	82	Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (EMG Plot 5) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (EMG Rail Freight Terminal) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (EMG Unit 1) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (EMG Unit 2) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (EMG Unit 4) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (EMG Unit 8) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (EMG Unit 11) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (EMG Unit 12) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Faggs Road) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Fairways Industrial Estate) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Gatwick) Limited	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (GL) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Grange Park) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Great Cambridge Industrial Estate) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Hatton Farm Site A) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom

Company Name	Jurisdiction	% effective holding if not 100%	Direct/Indirect	Registered Office
SEGRO (Hatton Farm Site B) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Hatton Farm Site C) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Hayes) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Heathrow Cargo Area) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Heathrow International) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Iver 1) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Junction 15) Limited	England and Wales		Indirect	Two Friargate, Station Square, Coventry, England, CV1 2GN
SEGRO (Kettering) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Lee Park Distribution) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (New Cross Business Centre) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Newport Pagnell) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (NFTE & Mercury) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Northampton Gateway Management Company) Limited	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Parc des Damiers) SAS	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO (Perivale Park) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Plot 4 Northampton) Limited	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Plot 7 Northampton) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Plot 9 SmartParc) Limited ²	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Poyle 14) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Purfleet) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Radlett) Limited	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Rainham 1) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Rainham 2) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Rainham, Enterprise 1) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom

Notes to the Financial Statements continued

Company Name	Jurisdiction	% effective holding if not 100%	Direct/Indirect	Registered Office
SEGRO (Rainham, Enterprise 2) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Reading) Limited ⁶	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Rockware Avenue) Limited	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Rugby Gateway 1) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Rugby Gateway 2) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Rugby Gateway 3) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Rugby Gateway 4) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Rugby Gateway 5) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Skyline) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Spaceway Park) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Spain Energy) S.L.	Spain		Indirect	Avenida Diagonal, 467 – 08036, Barcelona, Spain
SEGRO (Stansted Cargo) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Stansted Fedex) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (The Portal) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Tilbury 2) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Tottenham) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Tudor) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (UK Energy) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Victoria Industrial Estate) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Waltham Assets) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Wapping) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S2HR, United Kingdom
SEGRO (Watchmoor) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Welham Green) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO (Westway Estate) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom

Company Name	Jurisdiction	% effective holding if not 100%	Direct/Indirect	Registered Office
SEGRO Achte Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Achtzehnte Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Administration Limited	England and Wales		Direct	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO Advisory Services S.R.L.	Italy		Indirect	Strada 3 Palazzo B3, 20057 Assago Milanofiori, Milan, Italy
SEGRO APP 1 Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO APP 2 Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO APP 3 Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO APP 4 Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO APP Management Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO Asset Management Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO B.V.	Netherlands		Indirect	Gustav Mahlerplein 62, ITO-toren, 8th Floor, 1082MA Amsterdam, Netherlands
SEGRO Belgium NV	Belgium		Indirect	Boulevard Louis Schmidt 87, 1040 Etterbeek, Belgium
SEGRO Benelux 2 B.V.	Netherlands		Indirect	Gustav Mahlerplein 62, ITO-toren, 8th Floor, 1082MA Amsterdam, Netherlands
SEGRO Benelux B.V. ⁷	Netherlands		Indirect	Gustav Mahlerplein 62, ITO-toren, 8th Floor, 1082MA Amsterdam, Netherlands
SEGRO Bobigny SCI	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO Bourget	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO Capital S.á r.l.	Luxembourg		Indirect	35-37 Avenue de la Liberté, L-1931, Luxembourg
SEGRO CHUSA Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO CL1 SCI	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO Croydon (Mitcham) Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO Czech Republic s.r.o.	Czech Republic		Indirect	Praha 1, Na příkopě 393/11, Staré Město, PSČ 110 00, Czech Republic
SEGRO Dortmund GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Dreiundzwanzigste Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Dreizehnte Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany

Notes to the Financial Statements continued

Company Name	Jurisdiction	% effective holding if not 100%	Direct/Indirect	Registered Office
SEGRO Dritte Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Eindhoven I B.V.	Netherlands		Indirect	2 Rue des Gaulois L-1618 Luxembourg
SEGRO Einundzwanzigste Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Elfte Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Erste Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO European Logistics Partnership S.à r.l.	Luxembourg	50	Indirect	35-37 Avenue de la Liberté, L-1931, Luxembourg
SEGRO Finance Limited	England and Wales		Direct	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO Fixtures GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO France Energy SAS	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO France SA	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO Fünfte Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Fünfundzwanzigste Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Fünfzehnte Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Gennevilliers SCI	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO Germany GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Gobelins SCI	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO Heerlen I B.V.	Netherlands		Indirect	Gustav Mahlerplein 62, 1082MA, Amsterdam, Netherlands
SEGRO Holdings France SAS	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO Industrial Estates Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO Insurance Limited	Isle of Man		Direct	Third Floor, St George's Court, Upper Church Street, Douglas, IM1 1EE, Isle of Man
SEGRO Investments Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO Investments Spain S.L.	Spain		Direct	Avenida Diagonal, 467 - 08036, Barcelona, Spain
SEGRO Italy S.R.L.	Italy		Indirect	Strada 3 Palazzo B3, 20057 Assago Milanofiori, Milan, Italy
SEGRO Italy ER 1 S.R.L.	Italy		Indirect	Strada 3 Palazzo B3, 20057 Assago Milanofiori, Milan, Italy
SEGRO Italy ER 2 S.R.L.	Italy		Indirect	Strada 3 Palazzo B3, 20057 Assago Milanofiori, Milan, Italy
SEGRO Italy ER 4 S.R.L.	Italy		Indirect	Strada 3 Palazzo B3, 20057 Assago Milanofiori, Milan, Italy

Company Name	Jurisdiction	% effective holding if not 100%	Direct/Indirect	Registered Office
SEGRO Italy ER 5 S.R.L.	Italy		Indirect	Strada 3 Palazzo B3, 20057 Assago Milanofiori, Milan, Italy
SEGRO Logistics Nord SCI	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO Logistics Park Aulnay SCI	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO Logistics Sud SCI	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO Luge S.à r.l.	Luxembourg		Indirect	15 Boulevard F.W. Raiffeisen, Luxembourg, L - 2411, Luxembourg
SEGRO Luxembourg S.à r.l.	Luxembourg		Indirect	35-37 Avenue de la Liberté, L-1931, Luxembourg
SEGRO Management NV	Belgium		Indirect	Boulevard Louis Schmidt 87, 1040 Etterbeek, Belgium
SEGRO Netherlands B.V.	Netherlands		Indirect	Gustav Mahlerplein 62, ITO-toren, 8th Floor, 1082MA Amsterdam, Netherlands
SEGRO Netherlands Holding B.V.	Netherlands		Indirect	Gustav Mahlerplein 62, ITO-toren, 8th Floor, 1082MS Amsterdam, Netherlands
(UK branch)	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO Neunte Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Neunzehnte Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Oosterhout I B.V.	Netherlands		Indirect	Gustav Mahlerplein 62, 1082MA, Amsterdam, Netherlands
SEGRO Overseas Holdings Limited	England and Wales		Direct	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO Parc des Petits Carreaux	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO plc French Branch	France		Direct	20 Rue Brunel, 75017, Paris, France
SEGRO Plessis SCI	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO Poland Sp z.o.o.	Poland		Indirect	Pl. Andersa 3, 61-894 Poznań, Poland
SEGRO Properties Limited	England and Wales		Direct	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO Properties Spain S.L.	Spain		Direct	Avenida Diagonal, 467 - 08036, Barcelona, Spain
SEGRO Reisholz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Rugby LLP***3	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO Sechste Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Sechzehnte Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Siebte Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany

Notes to the Financial Statements continued

Company Name	Jurisdiction	% effective holding if not 100%	Direct/Indirect	Registered Office
SEGRO Siebzehnte Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Slough Spare Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO Spain Management S.L.	Spain		Indirect	Avenida Diagonal, 467 – 08036, Barcelona, Spain
SEGRO Spain Spare 1 S.L.	Spain		Direct	Avenida Diagonal, 467 – 08036, Barcelona, Spain
SEGRO Spain Spare 2 S.L.U	Spain		Direct	Avenida Diagonal, 467 – 08036, Barcelona, Spain
SEGRO Spain Spare 3 S.L.	Spain		Direct	Avenida Diagonal, 467 – 08036, Barcelona, Spain
SEGRO Spare 1 Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO STE Limited	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO Tilliers SCI	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO Trading (France) SNC	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO Urban Logistics LR1 SCI	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO Urban Logistics MR1 SCI	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO Urban Logistics PR1 SCI	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO Urban Logistics PR2 SCI	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO Urban Logistics PR3 SCI	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO Vierte Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Vierundzwanzigste Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Vierzehnte Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO V-Park Grand Union LLP ³	England and Wales	50	Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
SEGRO Wissous SCI	France		Indirect	20 Rue Brunel, 75017, Paris, France
SEGRO Zehnte Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Zwanzigste Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Zweite Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Zweiundzwanzigste Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SEGRO Zwölfte Grundbesitz GmbH	Germany		Indirect	Fichtenstrasse 33, 40233, Düsseldorf, Germany
SELP (Alpha Holdings) S.á r.l.	Luxembourg	50	Indirect	2 Rue des Gaulois L-1618 Luxembourg
SELP (Alpha JV) S.á r.l.	Luxembourg	50	Indirect	2 Rue des Gaulois L-1618 Luxembourg

Company Name	Jurisdiction	% effective holding if not 100%	Direct/Indirect	Registered Office
SELP Finance S.á r.l.	Luxembourg	50	Indirect	35-37 Avenue de la Liberté, L-1931, Luxembourg
SELP Investments S.á r.l.	Luxembourg	50	Indirect	35-37 Avenue de la Liberté, L-1931, Luxembourg
SELP Management Limited ⁹	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Slough Trading Estate Limited	England and Wales		Direct	1 New Burlington Place, London, W1S 2HR, United Kingdom
Smartparc SEGRO Spondon Limited	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Steamhouse Group Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Tenedor S.R.L.	Italy		Indirect	Strada 3 Palazzo B3, 20057 Assago Milanofiori, Milan, Italy
The UK Logistics (Nominee 1) Limited ²	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
The UK Logistics (Nominee 2) Limited ²	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
The UK Logistics General Partner Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
The UK Logistics Limited Partnership ³	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Trafford Park 1 Limited	Guernsey		Indirect	1st and 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, GY1 1EW, Guernsey
Trafford Park Estates Limited ¹	England and Wales		Indirect	C/O BDO LLP, 5 Temple Square, Temple Street, Liverpool L2 5RH, United Kingdom
UK Logistics Fund Unit Trust	Jersey		Indirect	44 Esplanade, St. Helier, JE4 9WG, Jersey
UK Logistics Properties No 1 Unit Trust	Jersey		Indirect	44 Esplanade, St. Helier, JE4 9WG, Jersey
UK Logistics Properties No 2 Unit Trust	Jersey		Indirect	44 Esplanade, St. Helier, JE4 9WG, Jersey
UK Logistics Trustees Limited	Jersey		Indirect	Ogier House, The Esplanade, St Helier, JE4 9WG, Jersey
UK Property Unit Trust No. 41	Jersey		Indirect	47 Esplanade, St Helier, JE1 OBD, Jersey
UK Property Unit Trust No. 42	Jersey		Indirect	47 Esplanade, St Helier, JE1 OBD, Jersey
UK Property Unit Trust No. 43	Jersey		Indirect	47 Esplanade, St Helier, JE1 OBD, Jersey
UK Property Unit Trust No. 44	Jersey		Indirect	47 Esplanade, St Helier, JE1 OBD, Jersey
UK Property Unit Trust No. 45	Jersey		Indirect	47 Esplanade, St Helier, JE1 OBD, Jersey
Unitair General Partner Limited**	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom

Notes to the Financial Statements continued

Company Name	Jurisdiction	% effective holding if not 100%	Direct/ Indirect	Registered Office
Unitair Limited Partnership ^{1,2,3}	England and Wales		Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Vailog France SCI	France		Indirect	20 Rue Brunel, 75017, Paris, France
Vimercate DC S.R.L.	Italy		Indirect	Strada 3 Palazzo B3, 20057 Assago Milanofiori, Milan, Italy
Woodside GP Limited ²	England and Wales	33.33	Indirect	1 New Burlington Place, London, W1S 2HR, United Kingdom
Zinc One S.R.L.	Italy		Indirect	Strada 3 Palazzo B3, 20057 Assago Milanofiori, Milan, Italy
Zinc Seven S.R.L.	Italy		Indirect	Strada 3 Palazzo B3, 20057 Assago Milanofiori, Milan, Italy
Zinc Six S.R.L.	Italy		Indirect	Strada 3 Palazzo B3, 20057 Assago Milanofiori, Milan, Italy

1. Company is in liquidation as at 31 December 2024.

2. Company is entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

3. Partnerships and Limited Liability Partnerships (LLPs) do not have a share capital and unless otherwise stated, the Group holds 100 per cent interest in these entities.

4. Companies limited by guarantee do not have a share capital and unless otherwise stated the Group holds 100 per cent interest in these entities.

5. Ownership held in class A and B shares.

6. Ownership held in Ordinary and Deferred shares.

7. Ownership held in class G shares, K shares, S shares and Preference shares.

8. There are five external members of Dagenham Park Management Company Limited. All members are liable up to the value of £1.00.

9. SELP Management Limited is an appointed representative of Langham Hall Fund Management LLP, which is authorised and regulated by the Financial Conduct Authority of the UK.

Notes to the Financial Statements continued

Supplementary Notes Not Part of Audited Financial Statements

Table 1: EPRA performance measures summary

	Notes	2024		2023	
		£m	Pence per share	£m	Pence per share
EPRA Earnings	Table 4	458	34.5	413	33.9
EPRA NTA	Table 5	12,287	907	11,162	907
EPRA NRV	Table 5	13,477	994	12,317	1,001
EPRA NDV	Table 5	12,354	912	11,310	919
EPRA LTV	Table 6		30.6%		36.9%
EPRA net initial yield	Table 7		4.1%		4.0%
EPRA topped-up net initial yield	Table 7		4.4%		4.3%
EPRA vacancy rate	Table 8		6.0%		5.0%
EPRA cost ratio (including vacant property costs)	Table 9		21.7%		24.0%
EPRA cost ratio (excluding vacant property costs)	Table 9		19.1%		21.9%

Table 2: Income Statement, proportionally consolidated

	Notes	2024			2023		
		Group £m	Joint ventures and associates £m	Total £m	Group £m	Joint ventures and associates £m	Total £m
Gross rental income	2,7	592	137	729	547	134	681
Property operating expenses	2,7	(92)	(9)	(101)	(85)	(9)	(94)
Net rental income		500	128	628	462	125	587
Joint venture management fee income ¹	2,7	26	(12)	14	29	(12)	17
Management and development fee income	2,7	6	2	8	4	2	6
Net service charge and other income	2,7	(1)	-	(1)	1	-	1
Administrative expenses	2,7	(76)	(2)	(78)	(63)	(2)	(65)
Adjusted operating profit before interest and tax		455	116	571	433	113	546
Net finance costs (including adjustments)	2,7	(68)	(22)	(90)	(106)	(20)	(126)
Adjusted profit before tax		387	94	481	327	93	420
Tax on adjusted profit	2,7	(12)	(11)	(23)	(10)	(11)	(21)
Adjusted earnings after tax (A)		375	83	458	317	82	399
Number of shares, million	12			1,328.7			1,220.0
Adjusted EPS, pence per share				34.5			32.7
Number of shares, million	12			1,332.0			1,223.4
Adjusted EPS, pence per share – diluted				34.4			32.6
EPRA earnings							
Adjusted earnings after tax (A)		375	83	458	317	82	399
Joint venture performance fee income (net)	2	-	-	-	79	(37)	42
Impairment loss on loan due from associates	2	-	-	-	(28)	-	(28)
EPRA earnings after tax		375	83	458	368	45	413
Number of shares, million	12			1,328.7			1,220.0
EPRA, EPS, pence per share				34.5			33.9
Number of shares, million	12			1,332.0			1,223.4
EPRA, EPS, pence per share – diluted				34.4			33.8

1 Joint venture management fee income includes the cost of such fees borne by the joint ventures which are shown in Note 7 within net rental income.

2 Group net debt:EBITDA ratio as defined in the glossary was 8.6 times at 31 December 2024 (2023: 10.4 times). Group net debt being £4,244 million (2023: £4,972 million), per Note 16. Group EBITDA being £496 million (2023: £477 million) which takes Adjusted operating profit before interest and tax, less share of joint ventures and associates' adjusted profit, of £455 million (2023: £433 million) shown in the table above, adding back depreciation and amortisation charges of £12 million (2023: £6 million) and includes dividends received from joint ventures and associates of £29 million (2023: £38 million).

Notes to the Financial Statements continued

Table 3: Balance Sheet, proportionally consolidated

	Notes	2024			2023		
		Group £m	Joint ventures and associates £m	Total £m	Group £m	Joint ventures and associates £m	Total £m
Investment properties	13,7	15,303	2,526	17,829	14,914	2,915	17,829
Trading properties		6	-	6	3	-	3
Total properties		15,309	2,526	17,835	14,917	2,915	17,832
Investment in joint ventures and associates	7	1,552	(1,552)	-	1,636	(1,636)	-
Other net liabilities		(568)	(218)	(786)	(677)	(235)	(912)
Net borrowings	16,7	(4,244)	(756)	(5,000)	(4,972)	(1,044)	(6,016)
Total equity		12,049	-	12,049	10,904	-	10,904
EPRA adjustments	12			238			258
Adjusted NAV	12			12,287			11,162
Number of shares, million	12			1,355.3			1,230.7
Adjusted NAV, pence per share	12			907			907

The portfolio valuation surplus of 1.1 per cent shown on page 35 of the Strategic Report cannot be directly derived from the Financial Statements and is calculated to be comparable with published MSCI Real Estate indices against which SEGRO is measured. Based on the Financial Statements there is a valuation surplus of £90 million (see Note 8) and property value of £17,770 million (see Note 25) giving a valuation surplus of 0.5 per cent. The primary differences are that the portfolio valuation surplus shown on page 36 of £186 million excludes the impact of rent free incentives (£26 million, 0.1 per cent), capitalised interest (£69 million, 0.4 per cent) and other movements (£1 million, 0.0 per cent).

Total assets under management of £20,296 million (2023: £20,677 million) includes Group total properties of £15,244 million (2023: £14,847 million) (see Note 25) and 100 per cent of total properties owned by joint ventures and associates of £5,052 million (2023: £5,830 million) (see Note 7(ii)).

Table 4: EPRA Earnings

	Notes	2024 Group £m	2023 Group £m
Earnings per IFRS income statement		594	(253)
Adjustments to calculate EPRA Earnings, exclude:			
Valuation (surplus)/deficit on investment properties	8	(120)	647
Profit on sale of investment properties and other investment income	8	(75)	(46)
Profit on sale of trading properties	8	-	(3)
Tax on profits on disposals ¹		21	(1)
Cost of early close out debt	9	2	1
Net fair value gain on interest rate swaps and other derivatives	9	(3)	(24)
Deferred tax expense/(credit) in respect of EPRA adjustments ¹		9	(29)
Adjustments to the share of profit from joint ventures and associates after tax ³	7	30	121
EPRA earnings		458	413
Basic number of shares, million	12	1,328.7	1,220.0
EPRA Earnings per Share (EPS) (pence)		34.5	33.9
Company specific adjustments:			
Joint venture performance fee income (net after tax) ²	2	-	(42)
Impairment loss on loan due from associate ²	2	-	28
Adjusted earnings		458	399
Adjusted EPS (pence)	12	34.5	32.7

- Total tax charge in respect of adjustments per Note 2 of £30 million (2023: £20 million credit) comprises tax charge on profits on disposals of £21 million (2023: £1 million credit) and a deferred tax charge of £9 million (2023: £29 million credit). In 2023 there was a tax charge on joint venture performance fee income of £10 million and is included within the Company specific adjustment in the table above.
- See Note 2 for further details on the Company specific adjustments in 2023 to exclude the net impact of joint venture performance fees and impairment of loan from associate from Adjusted earnings.
- Adjustments to the share of loss from joint ventures and associates after tax above of £121 million for year ending 31 December 2023 includes the impact of the performance fee expense of £45 million and an associated tax credit of £8 million which are shown as a Company specific adjustment in the table above within 'Joint venture performance fee income (net after tax)'. The Adjustments to share of loss from joint ventures and associates per Note 7(i) of £158 million excludes the impact of the performance fee.
- The updated EPRA BPR Guidelines on EPRA Earnings are applicable for reporting periods starting after 1 October 2024. The updated guidelines have not been applied in calculating EPRA Earnings for the year ended 31 December 2024 and not reflected in the table above.

Notes to the Financial Statements continued**Table 5: EPRA Net asset measures**

The European Public Real Estate Association ('EPRA') best practice recommendations (BPR) for financial disclosures by public real estate companies sets out three net asset value measures: EPRA net tangible assets (NTA), EPRA net reinstatement value (NRV) and EPRA net disposal value (NDV).

The EPRA Net Tangible Assets (NTA) metric is considered to be most consistent with the nature of SEGRO's business as a UK REIT providing long-term progressive and sustainable returns. EPRA NTA acts as the primary measure of net asset value and is also referred to as Adjusted Net Asset Value (or Adjusted NAV).

A reconciliation of the three EPRA NAV metrics from IFRS NAV is shown in the table below.

	EPRA measures		
	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m
As at 31 December 2024			
Equity attributable to ordinary shareholders	12,049	12,049	12,049
Fair value adjustment in respect of interest rate derivatives – Group	95	95	–
Fair value adjustment in respect of trading properties – Group	2	2	2
Deferred tax in respect of depreciation and valuation surpluses – Group ¹	90	179	–
Deferred tax in respect of depreciation and valuation surpluses – Joint ventures and associates ¹	88	176	–
Intangible assets	(37)	–	–
Fair value adjustment in respect of debt – Group	–	–	283
Fair value adjustment in respect of debt – Joint ventures and associates	–	–	20
Real estate transfer tax ²	–	976	–
Net assets	12,287	13,477	12,354
Diluted shares (million)	1,355.3	1,355.3	1,355.3
Diluted net assets per share	907	994	912

1 50 per cent of deferred tax in respect of depreciation and valuation surpluses has been excluded in calculating EPRA NTA in line with option 3 of EPRA BPR guidelines.

2 EPRA NTA and EPRA NDV reflect IFRS values which are net of purchasers' costs. Purchasers' costs are added back when calculating EPRA NRV.

	EPRA measures		
	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m
As at 31 December 2023			
Equity attributable to ordinary shareholders	10,904	10,904	10,904
Fair value adjustment in respect of interest rate derivatives – Group	106	106	–
Fair value adjustment in respect of trading properties – Group	1	1	1
Deferred tax in respect of depreciation and valuation surpluses – Group ¹	89	178	–
Deferred tax in respect of depreciation and valuation surpluses – Joint ventures and associates ¹	92	184	–
Intangible assets	(30)	–	–
Fair value adjustment in respect of debt – Group	–	–	357
Fair value adjustment in respect of debt – Joint ventures and associates	–	–	48
Real estate transfer tax ²	–	944	–
Net assets	11,162	12,317	11,310
Diluted shares (million)	1,230.7	1,230.7	1,230.7
Diluted net assets per share	907	1,001	919

1 50 per cent of deferred tax in respect of depreciation and valuation surpluses has been excluded in calculating EPRA NTA in line with option 3 of EPRA BPR guidelines.

2 EPRA NTA and EPRA NDV reflect IFRS values which are net of purchasers' costs. Purchasers' costs are added back when calculating EPRA NRV.

Notes to the Financial Statements continued

Table 6: EPRA LTV, Proportional consolidation

	Notes	2024			2023		
		Group £m	Joint ventures and associates £m	Total £m	Group £m	Joint ventures and associates £m	Total £m
Borrowings ^{1,2}		1,564	3	1,567	2,652	100	2,752
Bonds ^{1,2}		3,077	930	4,007	2,735	978	3,713
Exclude:							
Cash and cash equivalents	16	(363)	(173)	(536)	(376)	(28)	(404)
Net Debt (before capitalised finance costs) (a)		4,278	760	5,038	5,011	1,050	6,061
Foreign currency derivatives	17	(27)	-	(27)	(12)	-	(12)
Net payables ³		408	49	457	485	64	549
Adjusted Net Debt (b)		4,659	809	5,468	5,484	1,114	6,598
Investment properties at fair value (excluding head lease ROU asset)	13	15,236	2,526	17,762	14,843	2,915	17,758
Trading properties		6	-	6	3	-	3
Total Property Value (c)		15,242	2,526	17,768	14,846	2,915	17,761
Head lease ROU asset	13	67	-	67	71	-	71
Unrecognised valuation surplus on trading properties		2	-	2	1	-	1
Other interest in property		17	-	17	26	-	26
Intangibles		37	-	37	30	-	30
Adjusted Total Property Value (d)		15,365	2,526	17,891	14,974	2,915	17,889
LTV (a/c)		28.1%		28.4%	33.8%		34.1%
EPRA LTV (b/d)		30.3%		30.6%	36.6%		36.9%

- Total borrowings as at 31 December 2024 per Note 16 of £4,607 million (2023: £5,348 million) consists of: Nominal value of borrowings from financial institutions of £1,564 million (2023: £2,652 million) less unamortised finance costs of £8 million (2023: £13 million) and nominal value of bond loans of £3,077 million (2023: £2,735 million) less unamortised finance costs of £26 million (2023: £26 million).
- JV and associates borrowings as at 31 December 2024 per Note 7 of £929 million at share (2023: £1,072 million) consists of: Nominal value of borrowings from financial institutions of £3 million (2023: £100 million) less unamortised finance costs of £nil (2023: £1 million) and nominal value of bond loans of £930 million (2023: £978 million) less unamortised finance costs of £4 million (2023: £5 million).
- Net payables is calculated as the net position of the following line items shown on the Balance Sheet: Non-current other receivables, current trade and other receivables, tax asset, non-current trade and other payables, non-current tax liabilities and current trade and other payables.

Table 7: EPRA net initial yield and topped-up net initial yield

	Notes	UK £m	Continental Europe £m	Total £m
Combined property portfolio including joint ventures and associates at share – 2024				
Total properties per financial statements	Table 3	11,491	6,344	17,835
Add valuation surplus not recognised on trading properties ¹		-	2	2
Less head lease ROU assets	13	-	(67)	(67)
Combined property portfolio per external valuers' reports		11,491	6,279	17,770
Less land and development properties (investment, trading, joint ventures and associates)		(1,452)	(865)	(2,317)
Net valuation of completed properties		10,039	5,414	15,453
Add notional purchasers' costs		682	294	976
Gross valuation of completed properties including notional purchasers' costs	A	10,721	5,708	16,429
Income				
Gross passing rent ²		407	273	680
Less irrecoverable property costs		(1)	(11)	(12)
Net passing rent	B	406	262	668
Adjustment for notional rent in respect of rent free periods		39	23	62
Topped up net rent	C	445	285	730
Including fixed/minimum uplifts ⁴		9	1	10
Total topped up net rent		454	286	740
Yields – 2024				
EPRA net initial yield ³	B/A	3.8	4.6	4.1
EPRA topped-up net initial yield ³	C/A	4.1	5.0	4.4
Net true equivalent yield		5.3	5.6	5.4

- Trading properties are recorded in the Financial Statements at the lower of cost and net realisable value, therefore valuations above cost have not been recognised.
- Gross passing rent excludes short-term lettings and licences.
- In accordance with the Best Practices Recommendations of EPRA.
- Certain leases contain clauses which guarantee future rental increases, whereas most leases contain five-yearly, upwards only rent review clauses (UK) or indexation clauses (Continental Europe).

Notes to the Financial Statements continued

Table 8: EPRA vacancy rate

	2024 £m	2023 £m
Annualised estimated rental value of vacant premises	54	44
Annualised estimated rental value for the completed property portfolio	900	879
EPRA vacancy rate ^{1,2}	6.0%	5.0%

1 Vacancy rate percentages have been calculated using the figures presented in the table above in millions accurate to one decimal place.

2 There are no significant or distorting factors influencing the EPRA vacancy rate.

Table 9: Total cost ratio/EPRA cost ratio

	Notes	2024 £m	2023 £m
Total cost ratio			
Costs			
Property operating expenses ¹	5	92	85
Administrative expenses	6	76	63
Share of joint venture and associates property operating and administrative expenses	7	23	23
Less:			
Joint venture management fees income, management fees and other costs recovered through rents but not separately invoiced ²		(34)	(36)
Total costs (A)		157	135
Gross rental income			
Gross rental income	4	592	547
Share of joint venture and associates gross rental income	7	137	134
Less:			
Other costs recovered through rents but not separately invoiced ²		(4)	(3)
Total gross rental income (B)		725	678
Total cost ratio (A)/(B)³		21.7%	19.9%
Total costs (A)		157	135
Share-based payments	6	(7)	(10)
Total costs after share-based payments (C)		150	125
Total cost ratio after share-based payments (C)/(B)³		20.7%	18.4%
EPRA cost ratio			
Total costs (A)		157	135
Impairment loss on loan due from associates	2	-	28
EPRA total costs including vacant property costs (D)		157	163
Group vacant property costs	5	(18)	(14)
Share of joint venture and associates vacant property costs	7	(1)	(1)
EPRA total costs excluding vacant property costs (E)		138	148
Total gross rental income (B)		725	678
Total EPRA cost ratio (including vacant property costs) (D)/(B)³		21.7%	24.0%
Total EPRA cost ratio (excluding vacant property costs) (E)/(B)³		19.1%	21.9%

1 Property operating expenses are net of costs capitalised in accordance with IFRS of £10 million (2023: £12 million) (see Note 5 for further detail on the nature of costs capitalised).

2 Total deduction of £34 million (2023: £36 million) from costs includes: joint venture and associates management fees income of £26 million (2023: £29 million), management fees and other costs recovered through rents but not separately invoiced, including joint ventures and associates, of £8 million (2023: £7 million). These items have been represented as an offset against costs rather than a component of income in accordance with EPRA BPR Guidelines as they are reimbursing the Group for costs incurred. Gross rental income of £592 million (2023: £547 million) does not include joint venture and associates management fee income and management fee income and these fees are not required to be included in the total deduction to income.

3 Cost ratio percentages have been calculated using the figures presented in the table above in millions accurate to one decimal place.

Notes to the Financial Statements continued

Table 10: EPRA capital expenditure analysis

	2024			2023		
	Wholly owned £m	Joint ventures and associates £m	Total £m	Wholly owned £m	Joint ventures and associates £m	Total £m
Acquisitions	454 ¹	–	454 ⁵	403 ¹	10	413
Development	430 ²	41	471	443 ²	84	527
Capitalised interest ⁴	67	2	69	64	4	68
Investment properties:						
Incremental lettable space	1	–	1	1	–	1
No incremental lettable space	44	9	53	53	13	66
Tenant incentives ³	40	16	56	37	9	46
Total	1,036	68	1,104	1,001	120	1,121

1 Being £452 million investment property and £2 million trading property (2023: £403 million and £nil respectively) see Note 13.

2 Being £429 million investment property and £1 million trading property (2023: £443 million and £nil respectively) see Note 13.

3 Includes tenant incentives and letting fees.

4 Capitalised interest on development expenditure.

5 Total acquisitions completed in 2024 shown on page 37 of the Strategic Report, being land acquisitions of £23 million and asset acquisitions of £431 million.

Total disposals of £896 million shown on page 37 of the Strategic Report reflects disposals that completed in 2024 and includes: Carrying value of investment properties disposed by SEGRO Group of £542 million (see Note 13) and profit generated on disposal of £75 million (see Note 8); share of joint venture and associates disposal proceeds of £278 million; carrying value of lease incentives and letting fees disposed by SEGRO Group and joint ventures and associates (at share) of £7 million; and excludes net proceeds recognised in 2024 for disposals that completed in prior periods of £6 million.

Table 11: Like-for-like net rental income

	2024 £m	2023 £m	Change % ²
(including JVs and associates at share)			
UK	331	313	5.9
Continental Europe	198	187	5.7
Like-for-like net rental income before other items	529	500	5.8
Other ¹	(5)	(5)	
Like-for-like net rental income (after other items)	524	495	5.9
Development lettings	48	16	
Properties taken back for development	10	21	
Like-for-like net rental income plus developments	582	532	
Properties acquired	9	1	
Properties sold	20	37	
Net rental income before surrenders, dilapidations and exchange	611	570	
Lease surrender premiums and dilapidation income	7	2	
Other items and rent lost from lease surrenders	10	9	
Impact of exchange rate difference between periods	–	6	
Net rental income (including joint ventures and associates at share)	628	587	
SEGRO share of joint venture management fees	(12)	(12)	
Net rental income after SEGRO share of joint venture fees	616	575	

1 Other includes the corporate centre and other costs relating to the operational business which are not specifically allocated to the two businesses UK and Continental Europe.

2 Percentage change has been calculated using numbers accurate to one decimal place.

3 The like-for-like net rental growth metric is based on properties held throughout both 2024 and 2023 on a proportionally consolidated basis. The value of these properties as at 31 December 2024 on a proportional basis was £13,967 million (2023: £14,006 million). This provides details of net rental income growth excluding the distortive impact of acquisitions, disposals and development completions. Where an asset has been sold into a joint venture (sales to SELP, for example) the 50 per cent share owned throughout the period is included in like-for-like calculation, with the balance shown as disposals.

Notes to the Financial Statements continued

Table 12: Top 10 estates as at 31 December 2024 (by value, including joint ventures and associates at share)

	Ownership %	Location	Lettable area (100%) sq m	Asset type
Slough Trading Estate	100	Slough	606,080	Multi-let urban warehouse estate, including data centres
SEGRO Logistics Park East Midlands Gateway	100	Midlands	456,684	Big box warehouse park
SEGRO Park Premier Road	100	Park Royal	62,827	Multi-let urban warehouse estate
SEGRO Park Heathrow, Shoreham Road	100	Heathrow	93,704	Multi-let cargo facility
SEGRO Park Greenford Ockham Drive and Auriol Drive	100	Park Royal	79,615	Multi-let urban warehouse estate
SEGRO Airport Park Berlin	50/100	Germany	154,545	Multi-let urban warehouse estate and Big box estate
SEGRO Logistics Park Northampton	100	Midlands	-	Big box warehouse park
SEGRO Park Coventry	100	Midlands	144,477	Big box warehouse park
SEGRO Park North Feltham	100	Heathrow	57,947	Multi-let urban warehouse estate
SEGRO Parc des Petits Carreaux	100	France	136,488	Multi-let urban warehouse estate

Five-year financial results

	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m		2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Group Income Statement						Total movement in equity attributable to owners of the parent					
Net rental income ²	500	462	412	341	302	Profit/(loss) attributable to equity shareholders	594	(253)	(1,927)	4,060	1,427
Joint venture management fee income	26	29	30	26	22	Other equity movements	551	(216)	(136)	(283)	554
Management and development fee income ²	6	4	5	5	3	Data per ordinary share (pence)					
Net service charge and other income ^{1,2}	(1)	1	1	1	–	Earnings per share					
Administrative expenses	(76)	(63)	(59)	(59)	(52)	Net assets per share basic					
Share of joint ventures and associates' Adjusted profit after tax	83	82	71	69	61	Basic earnings per share					
Net finance costs (including adjustments)	(68)	(106)	(74)	(40)	(40)	Adjusted earnings per share – basic					
Adjusted profit before tax	470	409	386	343	296	Basic net assets per share					
Adjustments to the share of profit/(loss) from joint ventures and associates after tax ³	(30)	(158)	(215)	392	175	Adjusted NAV per share – diluted					
Profit on sale of investment properties	75	39	9	53	5	Dividend per share					
Valuation surplus/(deficit) on investment properties	120	(647)	(1,970)	3,617	971	29.3					
Profit on sale of trading properties	–	3	7	7	1	27.8					
Decrease/(increase) in provision for impairment of trading properties and other interests in property	–	–	15	(1)	(1)	26.3					
Other investment income	–	7	–	–	14	24.3					
Net fair value gain/(loss) on interest rate swaps and other derivatives	3	24	(199)	(82)	14	22.1					
Cost of early close out of debt	(2)	(1)	–	–	(11)						
Joint venture performance fee ³	–	89	–	26	–						
Impairment loss on loan due from associate	–	(28)	–	–	–						
Profit/(loss) before tax	636	(263)	(1,967)	4,355	1,464						
Group Balance Sheet											
Investment properties	15,303	14,914	14,939	15,492	10,671						
Trading properties	6	3	35	45	52						
Total directly owned properties	15,309	14,917	14,974	15,537	10,723						
Property, plant and equipment	34	28	23	22	27						
Investments in joint ventures and associates	1,552	1,636	1,768	1,795	1,423						
Other assets	316	349	421	344	405						
Cash and cash equivalents	363	376	162	85	89						
Total assets	17,574	17,306	17,348	17,783	12,667						
Borrowings	(4,607)	(5,348)	(4,884)	(3,406)	(2,413)						
Deferred tax liabilities	(192)	(192)	(226)	(274)	(87)						
Other liabilities and non-controlling interests	(726)	(862)	(865)	(667)	(508)						
Total equity attributable to owners of the parent	12,049	10,904	11,373	13,436	9,659						

1 Net service charge and other income is calculated as Service charge and other income shown in Note 4, less Service charge and other expenses of shown in Note 5.

2 The composition of gross and net rental income changed in 2022 to provide a better measure of the underlying rental income from the property portfolio. Management and development fee income and service charge and other income are presented outside of gross and net rental income. There was no impact on Adjusted operating profit before interest and tax from this change and the prior year comparatives in the table above have been represented to reflect this change.

3 From 2023, SELP performance fees are recognised outside of Adjusted profit, the 2021 comparative was represented to reflect this change.

Further information

Financial calendar and shareholder information

February 2025		
Announcement of Full-Year Results:		14 February 2025
March 2025		
Ex-dividend date for final dividend:	Property Income Distribution	27 March 2025
Record date:	Property Income Distribution	28 March 2025
April 2025		
Annual General Meeting:		30 April 2025
May 2025		
Payment:	Property Income Distribution	14 May 2025
July 2025		
Announcement of Half-Year Results:	Provisional	31 July 2025
September 2025		
Payment:	Property Income Distribution and/or Dividend	September 2025

Shareholder information

Shareholder enquiries

Our Registrar, Equiniti Limited (Equiniti), provides a range of services to our shareholders. If you have any questions about your shareholding or if you require further guidance (e.g. to notify a change of address) please contact our Registrar on the details below or register for a free Shareview portfolio at www.shareview.co.uk or by scanning the QR code provided.

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.
Telephone: +44 (0) 371 3842 186



Electronic communications

Shareholders have the opportunity to elect to receive shareholder communications electronically, e.g. Annual Reports, Notice of the Annual General Meeting and Proxy Forms. You can elect to receive email notifications of shareholder communications by registering for a Shareview portfolio as detailed above, where you can also submit proxy votes for shareholder meetings and update your bank details for dividend payments. Receiving the Company's communications electronically allows the Company to communicate with its shareholders in a more environmentally friendly, cost effective and timely manner.

AGM

The 2025 AGM will be held at 11.00 a.m. on 30 April 2025 at RSA House, 8 John Adam Street, London WC2N 6EZ.

Please check our 2025 Notice of Meeting for the most up to date information. Shareholders are also advised to check our website at www.SEGRO.com, which will be updated if there are any changes to the arrangements.

ShareGift

ShareGift is a charity (registered under the name The Orr Mackintosh Foundation, registered charity number 1052686) which specialises in accepting donations of small numbers of shares which are uneconomic to sell on their own. Shares which have been donated to ShareGift are aggregated and sold when practicable, with the proceeds passed on to a wide range of UK charities. ShareGift can also help with larger donations of shares. Further details about ShareGift can be obtained from its website at www.sharegift.org or by writing to ShareGift at ShareGift, PO Box 72253, London, SW1P 9LQ, email: help@sharegift.org, telephone: +44 (0)207 930 3737.

Dividends

A requirement of the REIT regime is that a REIT must distribute to shareholders by way of dividend at least 90 per cent of its profits from its tax-exempt UK property rental business (calculated under UK tax principles after the deduction of interest and capital allowances and excluding chargeable gains). Such distributions are referred to as Property Income Distributions, or PIDs. Any further distributions may be paid as ordinary dividends, which are derived from profits earned by its UK, non-REIT taxable business, as well as its overseas operations (including the SIIC in France and SOCIMI in Spain).

Withholding tax – PIDs

SEGRO is required to withhold tax at source from its PIDs at the basic tax rate (20 per cent). UK shareholders need take no immediate action (unless they qualify for exemption as described below) and will receive with each dividend payment a tax deduction certificate stating the amount of tax deducted.

UK shareholders who fall into one of the classes of shareholder able to claim an exemption from withholding tax may be able to receive a gross PID payment if they have submitted a valid relevant Exemption Declaration form, either as a beneficial owner of the shares, or as an intermediary if the shares are not registered in the name of the beneficial owner, to Equiniti. Both Exemption Declaration forms are available at www.SEGRO.com under Investors/Shareholder Information/REIT. A valid declaration form, once submitted, will continue to apply to future payments of PIDs until rescinded, and so it is a shareholder's responsibility to notify SEGRO if their circumstances change and they are no longer able to claim an exemption from withholding tax.

Shareholders resident outside the UK may be able to claim a full or partial refund of withholding tax (either as an individual or as a company) from HMRC, subject to the terms of a double tax treaty, if any, between the UK and the country in which the shareholder is resident.

Ordinary dividends

Ordinary, non-PID dividends will be treated in exactly the same way by shareholders as ordinary dividends paid before the Company became a REIT. From 6 April 2016 the notional 10 per cent tax credit has been abolished and replaced with a tax-free dividend allowance, which will apply to the ordinary, non-PID dividends received by UK resident shareholders who are subject to UK income tax. This allowance does not apply to the PID element of dividends. Further information is available from HMRC at <https://www.gov.uk/tax-on-dividends>.

Chequeless dividends

Since January 2021, SEGRO has withdrawn the option for shareholders to receive payments by cheque. For more information on how to receive dividends directly into your bank or building society account, please visit www.SEGRO.com/investors/shareholder-information/shareholder-faq.

Scrip Dividend

Shareholders renewed the Directors' authority to offer a scrip dividend option (Scrip) in respect of cash dividends (including those treated as PIDs) at the 2024 AGM. This authority runs for three years ending on the earlier of 17 April 2027 and the 2027 AGM.

Subject to the Board deciding to offer a Scrip, it allows shareholders who elect to receive it, to take their final and interim dividends in shares rather than cash. Details of the Scrip, together with information on how shareholders can elect to receive it are available on the Company's website www.SEGRO.com.

The Board has decided not to offer a Scrip alternative in respect of the 2024 Final Dividend.

Glossary of terms

Associates: An entity in which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20 per cent and 50 per cent of the voting rights.

Availability Zone: Separated groups of data centres within a geographic area. Each availability zone has independent power and networking infrastructure so that if one zone experiences an outage, then regional services and capacity are supported by the remaining zones.

BREEAM: BREEAM provides sustainability assessment and certification for real estate assets.

Completed portfolio: The completed investment properties and the Group's share of joint ventures and associates' completed investment properties. Includes properties held throughout the period, completed developments and properties acquired during the period.

Covered land: Income-producing assets acquired with the explicit intention to redevelop them in the short to medium term.

Development pipeline: The Group's current programme of developments authorised or in the course of construction at the Balance Sheet date (Current Pipeline), together with projects that are conditional (for example, on achieving planning permission or final signing of the contract) but in a sufficiently advanced stage that we expect to commence development within the next 12 months (Near-term Pipeline) and potential schemes not yet commenced on land owned or controlled by the Group (Future Pipeline).

Earnings before interest, tax, depreciation and amortisation (EBITDA): Adjusted operating profit before interest and tax, adding back depreciation and amortisation charges, less share of joint ventures' and associates' adjusted profit and including dividends received.

EPRA: The European Public Real Estate Association, a real estate industry body, which has issued Best Practices Recommendations in order to provide consistency and transparency in real estate reporting across Europe.

Equivalent yield: The internal rate of return from an investment property, based on the value of the property assuming the current passing rent reverts to ERV and assuming the property becomes fully occupied over time. It assumes that rent is received annually in arrears.

ESG: Environmental, Social and Governance issues.

Estimated cost to completion: Costs still to be expended on a development or redevelopment to practical completion, including attributable interest.

Estimated rental value (ERV): The estimated annual market rental value of lettable space as determined biannually by the Group's valuers. This will normally be different from the rent being paid.

Gearing: Net borrowings divided by total shareholders' equity excluding intangible assets and deferred tax provisions.

GRESB: An organisation which provides independent benchmarking of ESG metrics for the property industry.

Green lease clause: A clause added to our leases that require our customers to provide us with their energy usage data and, where possible, source their energy via a renewable tariff.

Gross rental income: Contracted rental income recognised in the period in the Income Statement, including surrender premiums. Lease incentives, initial costs and any contracted future rental increases are amortised on a straight-line basis over the lease term.

Headline rent: The annual rental income currently receivable on a property as at the Balance Sheet date (which may be more or less than the ERV) ignoring any rent-free period.

Hectares (Ha): The area of land measurement used in this analysis. The conversion factor used, where appropriate, is 1 hectare = 2.471 acres.

IAS: International Accounting Standards, the standards under which SEGRO reports its financial accounts.

IFRS: International Financial Reporting Standards, the standards under which SEGRO reports its financial accounts.

Investment property: Completed land and buildings held for rental income return and/or capital appreciation.

Joint venture: An entity in which the Group holds an interest and which is jointly controlled by the Group and one or more partners under a contractual arrangement whereby decisions on financial and operating policies essential to the operation, performance and financial position of the venture require each partner's consent.

Life cycle assessments: Life cycle assessment (LCA) is a methodology for assessing the environmental impacts associated with all the stages of the life cycle of a building.

Loan to value (LTV): Net borrowings excluding capitalised transaction costs divided by the carrying value of total property assets (investment, owner occupied, trading properties and, if appropriate, assets held for sale on the Balance Sheet) and excludes head lease ROU asset. This is reported on a 'look-through' basis (including joint ventures and associates at share).

MSCI: MSCI Real Estate calculates indices of real estate performance around the world.

Net debt:EBITDA ratio: Net debt divided by EBITDA.

Net initial yield: Passing rent less non-recoverable property expenses such as empty rates, divided by the property valuation plus notional purchasers' costs. This is in accordance with EPRA's Best Practices Recommendations.

Net rental income: Gross rental income less ground rents paid, net service charge expenses and property operating expenses.

Net true equivalent yield: The internal rate of return from an investment property, based on the value of the property assuming the current passing rent reverts to ERV and assuming the property becomes fully occupied over time. It assumes that rent is received quarterly in advance.

Glossary of terms continued

Passing rent: The annual rental income currently receivable on a property as at the Balance Sheet date (which may be more or less than the ERV). Excludes rental income where a rent-free period is in operation. Excludes service charge income (which is netted off against service charge expenses).

Pre-let: A lease signed with an occupier prior to commencing construction of a building.

REIT: A qualifying entity which has elected to be treated as a Real Estate Investment Trust for tax purposes. In the UK, such entities must be listed on a recognised stock exchange, must be predominantly engaged in property investment activities and must meet certain ongoing qualifications. SEGRO plc and its UK subsidiaries achieved REIT status with effect from 1 January 2007.

Rent-free period: An incentive provided usually at commencement of a lease during which a customer pays no rent. The amount of rent free is the difference between passing rent and headline rent.

Rent roll: See Passing Rent.

Reversion: The difference between in place contracted rents and estimated market rental value (ERV).

SELP: SEGRO European Logistics Partnership S.à r.l., a 50-50 joint venture between SEGRO and the Public Sector Pension Investment Board (PSP Investments) established in 2013 to own big box warehouses in Continental Europe.

SIIC: Sociétés d'Investissements Immobiliers Cotées are the French equivalent of UK Real Estate Investment Trusts (see REIT).

Speculative development: Where a development has commenced prior to a lease agreement being signed in relation to that development.

SPPICAV: Société de Placement à Prépondérance Immobilière à Capital Variable is a French equivalent of UK Real Estate Investment Trusts (see REIT).

Square metres (sq m): The area of buildings measurements used in this analysis. The conversion factor used, where appropriate, is one square metre = 10.7639 square feet.

Takeback: Rental income lost due to lease expiry, exercise of break option, surrender or insolvency.

Topped up net initial yield: Net initial yield adjusted to include notional rent in respect of let properties which are subject to a rent-free period at the valuation date. This is in accordance with EPRA's Best Practices Recommendations.

Total accounting return (TAR): A measure of the Group's return, calculated as the change in adjusted NAV per share during the period adding back dividends paid during the period expressed as a percentage of adjusted NAV per share at the beginning of the period.

Total property return (TPR): A measure of the ungeared return for the portfolio and is calculated as the change in capital value, less any capital expenditure incurred, plus net income, expressed as a percentage of capital employed over the period concerned, as calculated by MSCI Real Estate and excluding land.

Total shareholder return (TSR): A measure of return based upon share price movement over the period and assuming reinvestment of dividends.

Trading property: Property being developed for sale or one which is being held for sale after development is complete.

Yield on cost: The expected gross yield based on the estimated current market rental value (ERV) of the developments when fully let, divided by the book value of the developments at the earlier of commencement of the development or the Balance Sheet date plus future development costs and estimated finance costs to completion.

Yield on new money: The yield on cost excluding the book value of land if the land is owned by the Group in the reporting period prior to commencement of the development.

Forward-Looking Statements

The Annual Report contains certain forward-looking statements with respect to SEGRO's expectations and plans, strategy, management objectives, future developments and performances, costs, revenues and other trend information. All statements other than historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations and these are subject to assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties relate 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 on the date of this Annual Report. Accordingly, no assurance can be given that any particular expectation will be met and SEGRO's shareholders 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 Annual Report is provided as at the date of this Annual Report 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 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 Annual Report should be construed as a profit estimate or forecast.

The information in this Annual Report does not constitute an offer to sell or an invitation to buy securities in SEGRO plc or an invitation or inducement to engage in or enter into any contract or commitment of other investment activities.

Find out more

Go Online

To keep up to date with SEGRO, you can source facts and figures about the Group through the various sections on our website at www.SEGRO.com and sign up for email alerts for fast communication of breaking news.

Financial reports, shareholder information and property analysis are frequently updated and our current share price is always displayed on the Home Page.

As well as featuring detailed information about available property throughout the portfolio, www.SEGRO.com now also includes a dedicated property search function making it easy for potential customers, or their agents, to find business space that fits their requirement exactly. SEGRO's performance in areas such as sustainability and customer care are also featured on our website.

We would encourage shareholders to consider electing to receive shareholder communications, including the Annual Report and Accounts, electronically as set out on page 193. As part of our commitment to become net-zero, we want to reduce the amount of paper we use.

Other Publications

Additional disclosures on our property portfolio can be found in the 2024 Property Analysis Report at www.SEGRO.com/investors/reports-presentations

Our ESG policies, reporting guidelines, assurance statements and further case studies can be found at www.SEGRO.com.

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