

18 April 2024

SEGRO plc

Trading Update

SEGRO plc (“SEGRO” or the “Group”) today publishes a trading update for the period from 1 January 2024 to 31 March 2024¹.

Summary

- Strong growth in our rent roll during the first quarter, supported by ongoing favourable occupier market dynamics.
- SEGRO has completed or unconditionally exchanged on £159 million of disposals so far in 2024, at prices above December 2023 book value. Market data shows industrial and logistics asset values are stabilising.
- SEGRO is well-placed to invest in profitable development with an average yield on cost of 7-8 per cent, with capacity for further attractive growth opportunities enhanced by the proceeds of our recent equity raise.

David Sleath, Chief Executive, said:

“2024 has started well for SEGRO. Our prime urban and big box portfolio and market-leading operating platform, supported by favourable occupier markets, have enabled us to sign £29 million of new headline rent during the first quarter. This was achieved through capturing rental uplift on lease renewals and rent reviews, as well as the signing of £17 million of new pre-let developments.

“Market data is showing that industrial and logistics asset values are stabilising and potentially reaching a turning point. Although transaction volumes remain muted, we have disposed of £159 million of land and standing assets so far this year (including £134 million exchanged since the quarter end), at prices above December 2023 book values, in line with our continued approach to disciplined capital allocation.

“As stated in our Full Year 2023 results, our existing portfolio and land bank offer us the potential to grow our passing rents by more than 50 per cent over the next three years, through capturing embedded rent reversion, leasing vacant units and developing new space. The £907 million of new equity raised in February provides us with the capacity to pursue further attractive growth opportunities, both through development and asset acquisitions. This gives us confidence in our ability to deliver further compound growth in earnings and dividends during 2024 and beyond.”

Financial calendar

Half Year 2024 results will be published on Friday 26 July 2024.

¹ In this statement, space is stated at 100 per cent, whilst financial figures are stated reflecting SEGRO's share of joint ventures. Financial figures are stated for the period to, or at, 31 March unless otherwise indicated. The exchange rate applied is €1.17:£1 as at 31 March 2024.

² Headline rent is annualised gross passing rent receivable once incentives such as rent-free periods have expired.

³ Based on values as at 31 December 2023, adjusted for the equity placing, acquisitions, disposals and other capital expenditure during the first quarter.

ACTIVE ASSET MANAGEMENT CAPTURING RENTAL GROWTH AND INCREASING THE RENT ROLL (see Appendix):

Occupier markets remain favourable, which has supported our ability to lease new space and grow rents in the standing portfolio through capturing embedded reversion. Occupancy decreased slightly since year end (31 December 2023: 95.0 per cent) due to speculative development completions but remains within our target range and customer retention remains high.

Total new headline rent ² signed during the period (£m)		29	24
Pre-lets signed during the period (£m)		17	9
Uplift on rent reviews and renewals (%)	Group	18	14
	UK	21	18
	CE	9	3
Occupancy rate (%)		94.5	95.7
Customer retention (%)		90	82

INVESTMENT ACTIVITY REMAINS DISCIPLINED AND FOCUSED ON SECURING PROFITABLE GROWTH:

Most of our investment during the period was in our development programme (including the construction of two new data centres) with development capex for 2024, including infrastructure, still expected to be approximately £600 million.

Development capex (including infrastructure) (£m)		99	138
Acquisitions (£m)		-	130
Disposals (£m)		25	48

EXECUTING AND GROWING OUR PROFITABLE DEVELOPMENT PIPELINE:

We signed a further £17 million of pre-lets during the first quarter. Development completions were lower, due to the timing of projects. Our development pipeline remains highly profitable with an average yield on cost in the current and near-term pipeline of 7.6 per cent and a yield on new money in excess of 10 per cent.

Development completions year-to-date:			
– Space completed (sq m, at 100%)		78,200	173,300
– Potential rent (£m, at share) (Rent secured)		9 (57%)	11 (74%)
Current development pipeline potential rent (£m) (Rent secured)		61 (73%)	68 (73%)
Near-term development pipeline potential rent (£m)		3	16

BALANCE SHEET**31 Mar 24**

31 Dec 23

LONG-TERM, DIVERSIFIED DEBT PROFILE PROVIDES CERTAINTY AND FLEXIBILITY

We retain substantial liquidity and leverage remains modest. We have no material near-term refinancing requirements and a 6.7 year average debt maturity. The lower net debt figure reflects the £890 million net proceeds from the new equity raised in February.

Net debt (£bn)		5.1	6.0
Cost of debt (%)		3.0	3.1
LTV ³ (%)		29	34
Cash and available facilities (£bn)		2.8	1.9

Appendix

Leasing data for the period to 31 March (£m)^{1 2}

	Q1 2024	Q1 2023
Take-up of existing space (A)	5	4
Space returned ² (B)	(5)	(5)
NET ABSORPTION OF EXISTING SPACE (A-B)	0	(1)
Other rental movements (rent reviews, renewals, indexation) (C)	6	7
RENT ROLL GROWTH FROM EXISTING SPACE	6	6
Take-up of developments completed in the period – pre-let space (D)	5	7
Take-up of speculative developments completed (E)	1	4
TOTAL TAKE UP (A+C+D+E)	17	22
Less take-up of pre-lets and speculative lettings signed in prior periods	(5)	(7)
Pre-lets and lettings on speculative developments signed in the period for future delivery	17	9
RENTAL INCOME CONTRACTED IN THE PERIOD²	29	24
Take-back of space for redevelopment	(1)	(1)

1 All figures reflect headline rent (annualised gross rental income, after the expiry of any rent-free periods), exchange rates as at 31 March 2024 and include joint ventures at share.

2 Excluding space taken back for redevelopment.

CONTACT DETAILS FOR INVESTOR / ANALYST AND MEDIA ENQUIRIES:

	Soumen Das (Chief Financial Officer)	Tel: +44 (0) 20 7451 9110
SEGRO	Claire Mogford (Head of Investor Relations)	Tel: +44 (0) 20 7451 9048
	Gary Gaskarth (External Communications Manager)	Tel: +44 (0) 20 7451 9069
FTI Consulting	Richard Sunderland / Eve Kirmatzis	Tel: +44 (0) 20 3727 1000

This Trading Update, the most recent Annual Report and other information are available on the SEGRO website at www.segro.com/investors.

Neither the content of SEGRO's website nor any other website accessible by hyperlinks from SEGRO's website are incorporated in, or form part of, this announcement.

About SEGRO

SEGRO is a UK Real Estate Investment Trust (REIT), listed on the London Stock Exchange and Euronext Paris, and is a leading owner, manager and developer of modern warehouses and industrial property. It owns or manages 10.4 million square metres of space (112 million square feet) valued at £20.7 billion at 31 December 2023, serving customers from a wide range of industry sectors. Its properties are located in and around major cities and at key transportation hubs in the UK and in seven other European countries.

For over 100 years SEGRO has been creating the space that enables extraordinary things to happen. From modern big box warehouses, used primarily for regional, national and international distribution hubs, to urban warehousing located close to major population centres and business districts, it provides high-quality assets that allow its customers to thrive.

A commitment to be a force for societal and environmental good is integral to SEGRO's purpose and strategy. Its Responsible SEGRO framework focuses on three long-term priorities where the company believes it can make the greatest impact: Championing low-carbon growth, Investing in local communities and environments and Nurturing talent.

See www.SEGRO.com for further information.

Forward-Looking Statements: This announcement contains certain forward-looking statements with respect to SEGRO's expectations and plans, strategy, management objectives, future developments and performance, costs, revenues and other trend information. 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 all forward-looking statements are subject to assumptions, risk and uncertainty. 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 announcement. Accordingly, no assurance can be given that any particular expectation will be met and you are cautioned not to place undue reliance on the forward-looking statements. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The information contained in this announcement is provided as at the date of this announcement 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 announcement should be construed as a profit estimate or profit forecast. The information in this announcement 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 or other investment activities.

Neither the content of SEGRO's website nor any other website accessible by hyperlinks from SEGRO's website are incorporated in, or form part of, this announcement.