

# SEGRO

## INVESTMENT CASE



17 FEBRUARY 2023



# SEGR

UK FTSE 100 LISTED COMPANY

ESTABLISHED IN 1920

SEGRO IS THE UK'S LARGEST LISTED REIT

—

**9.9 MILLION**  
SQ M OF SPACE

—

**8**  
COUNTRIES

—

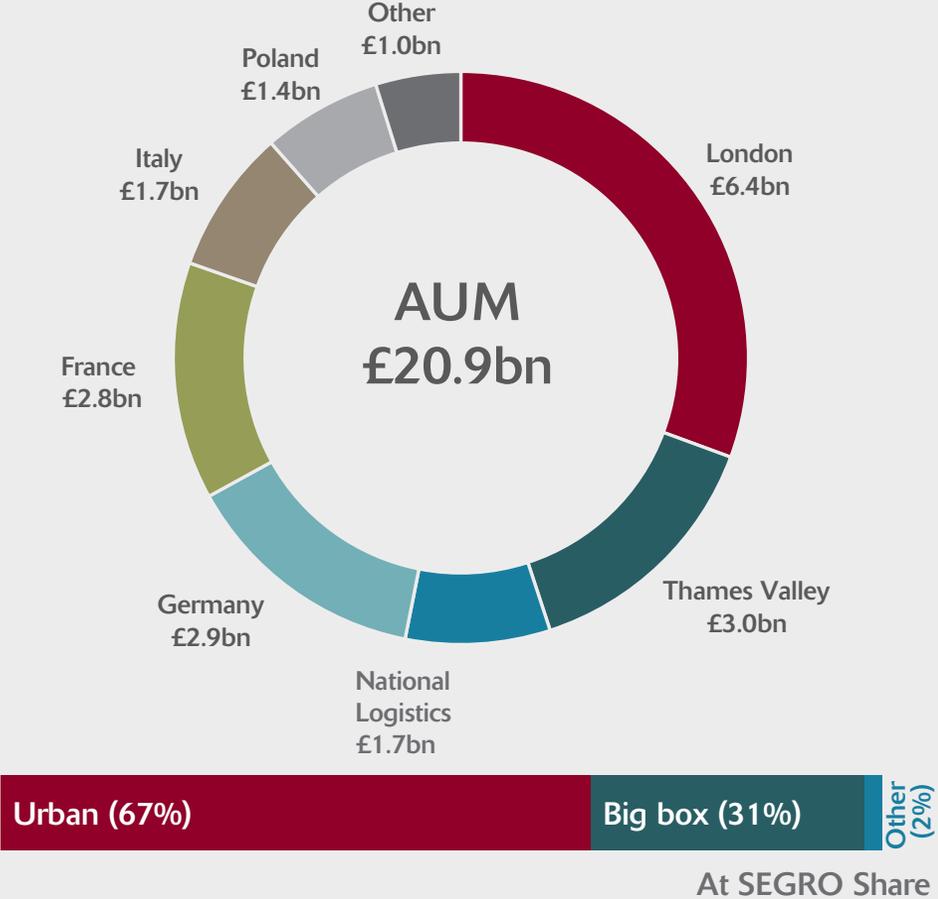
**£20.9 BILLION**  
OF ASSETS UNDER  
MANAGEMENT

—

**1,452**  
CUSTOMERS

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

Portfolio split by geography and asset type  
(at 31 December 2022)



# URBAN AND BIG BOX WAREHOUSES – COMPLEMENTARY ASSET TYPES

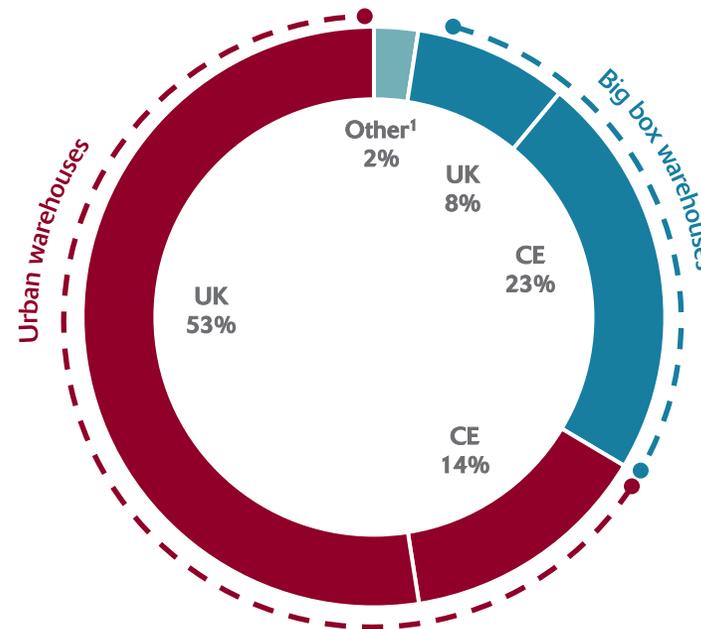
## Urban warehouses (67%)

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

Future performance mainly driven by income yield and rental growth

Portfolio by type:  
(valuation, SEGRO share)

Data as at 31 December 2022



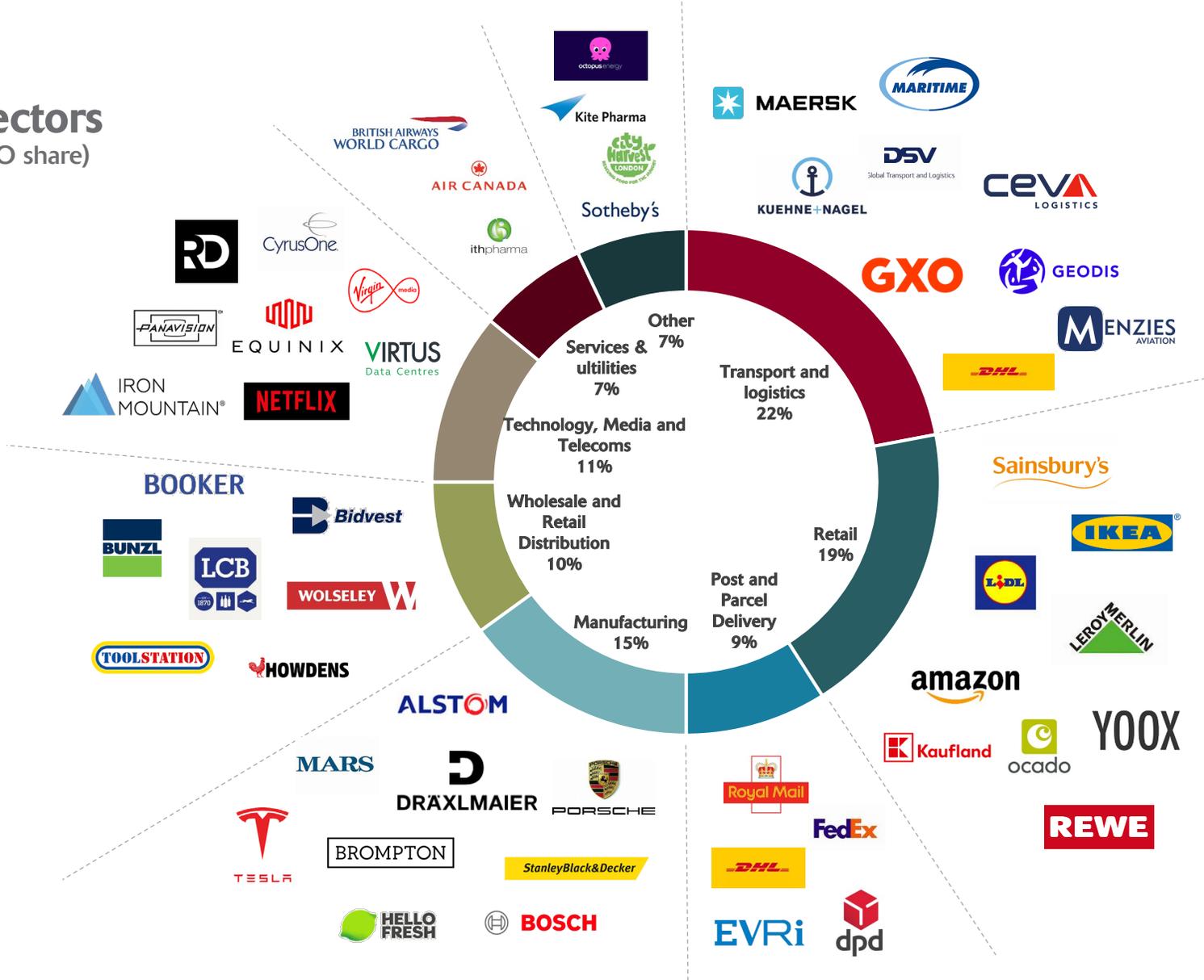
## Big boxes (31%)

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

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

# A VERY DIVERSIFIED CUSTOMER BASE

Customer sectors  
(headline rent, SEGRO share)



1,452 customers

Top 20 customers = 32% of total group headline rent

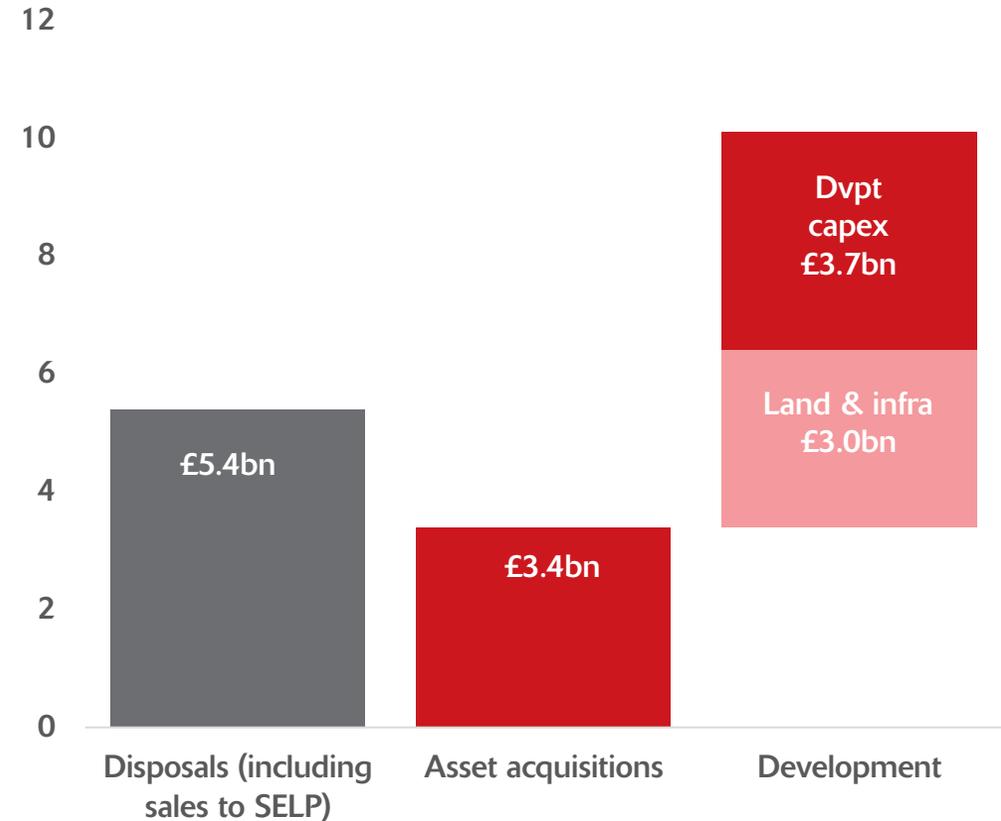
No single customer > 7% of total group headline rent

# A CLEAR AND SUCCESSFUL STRATEGY

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

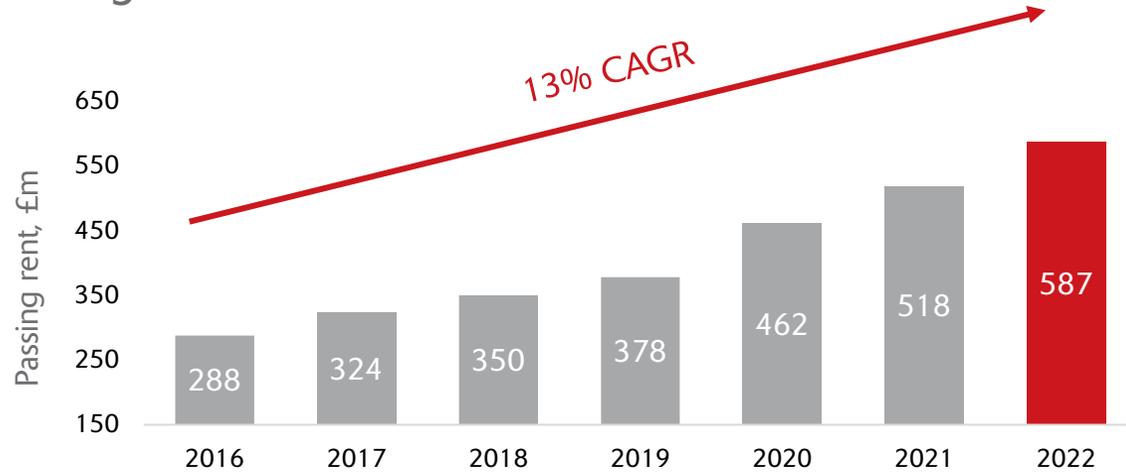


Disposal and investment activity since 1 January 2012 (£bn)

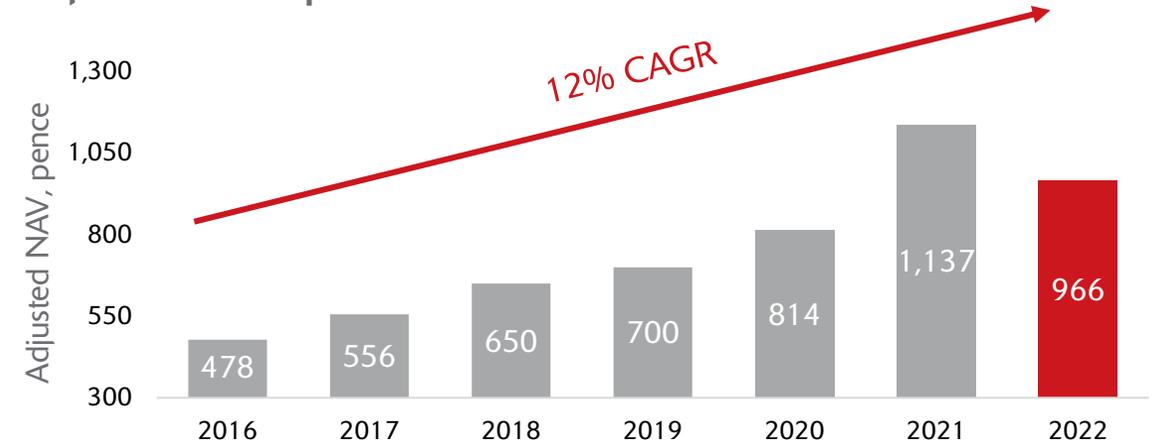


# CONSISTENTLY DELIVERING STRONG RETURNS

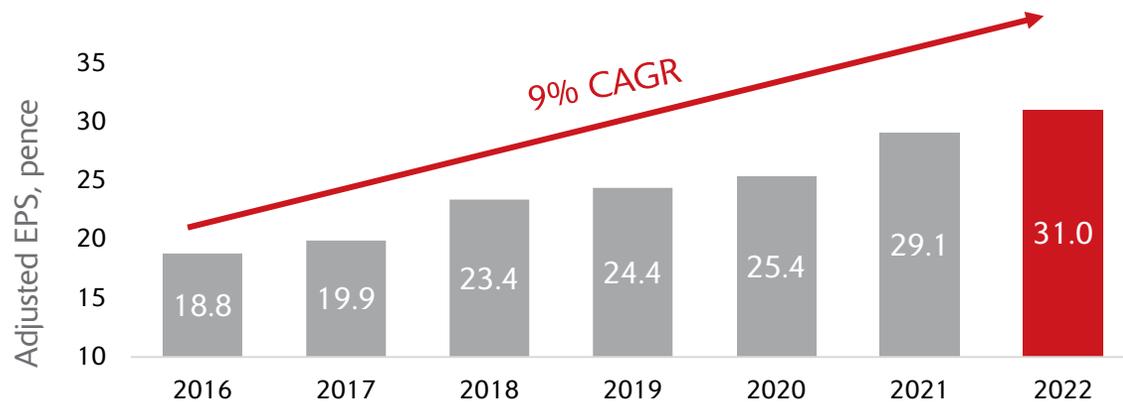
Passing Rent



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

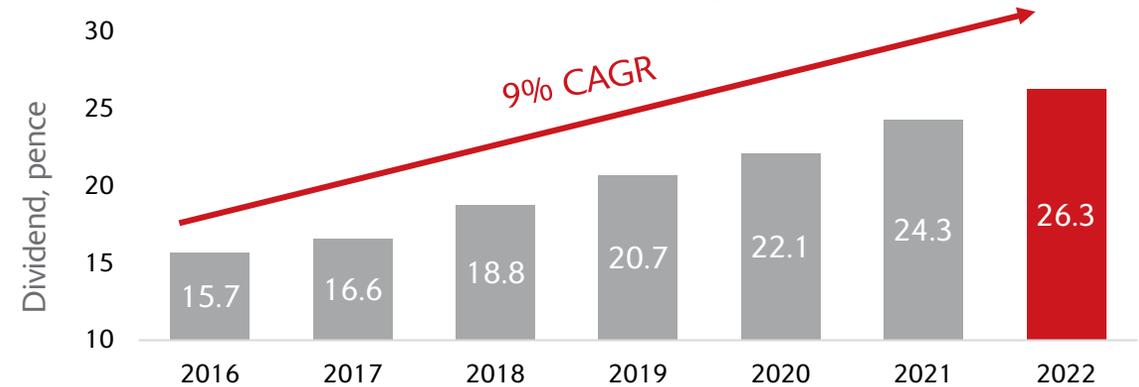


Adjusted earnings per share<sup>2</sup>



Dividend per share

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



# LONG-TERM STRUCTURAL DRIVERS SUPPORTING DIVERSE OCCUPIER DEMAND



**DATA &  
DIGITALISATION**



**URBANISATION**



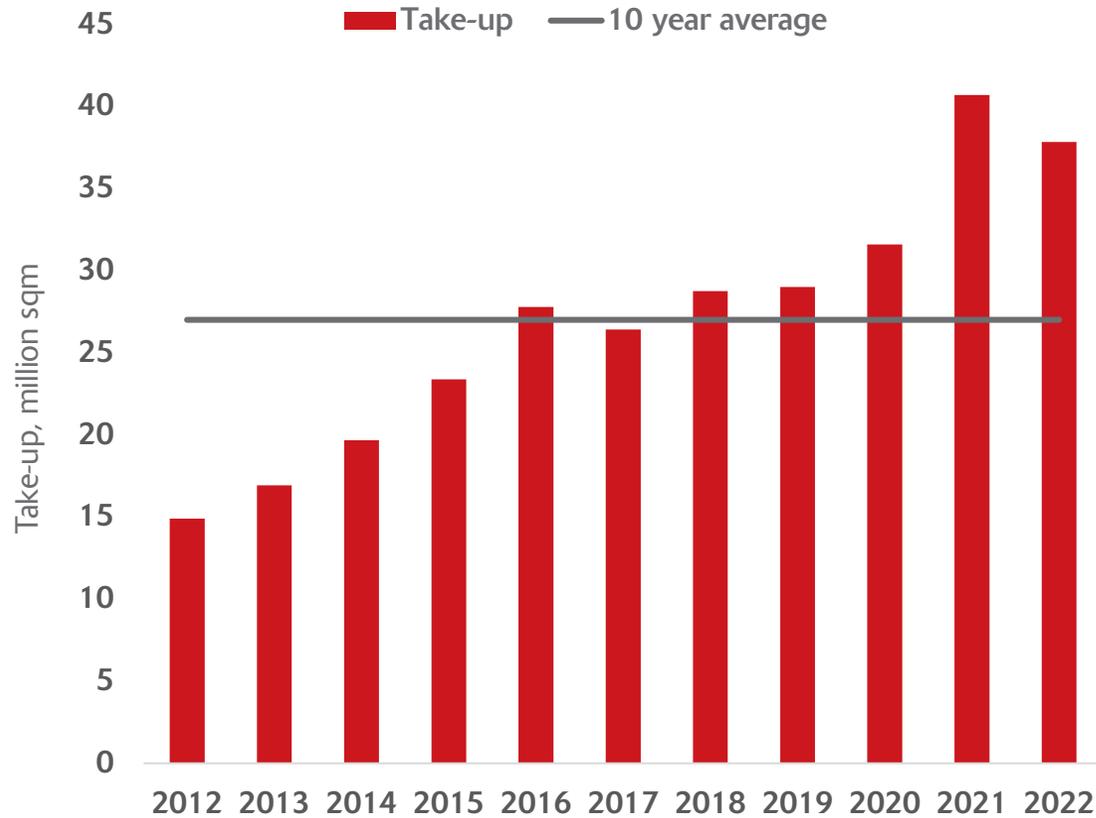
**SUPPLY CHAIN  
EFFICIENCY &  
RESILIENCE**



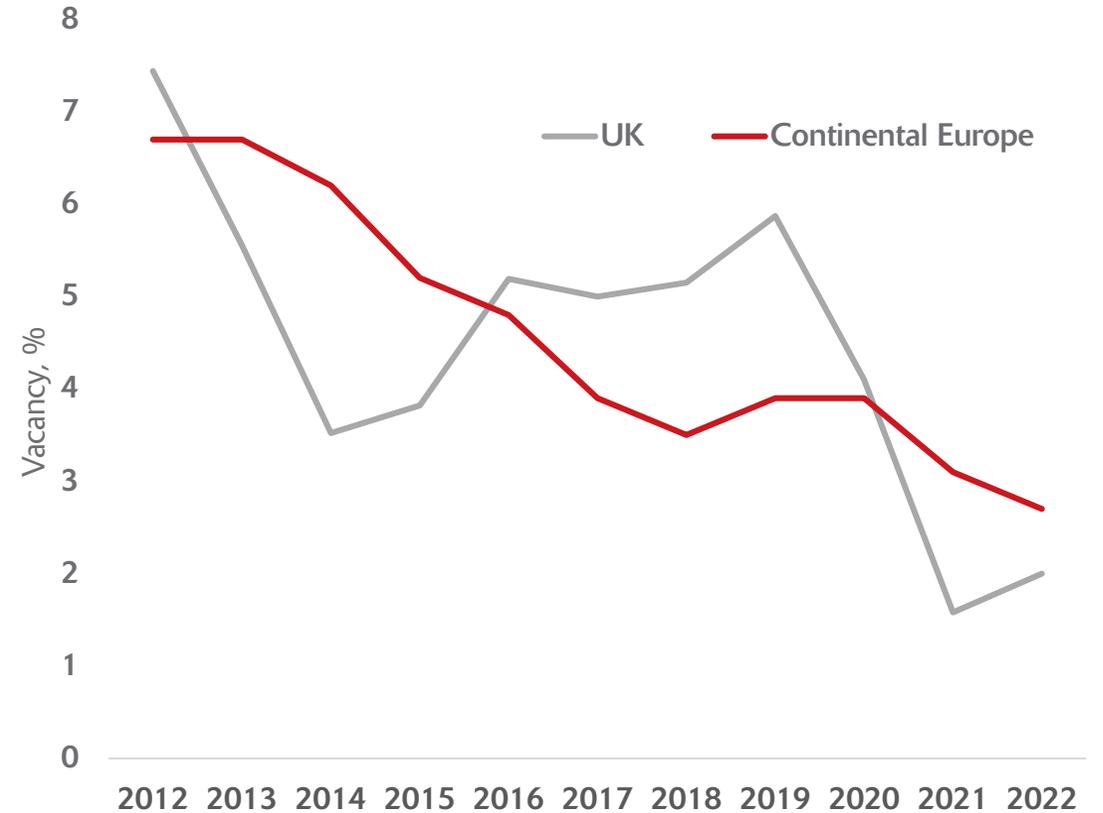
**SUSTAINABILITY**

# SUPPLY-DEMAND DYNAMICS REMAIN FAVOURABLE

European take-up remains at historically high levels<sup>1</sup>

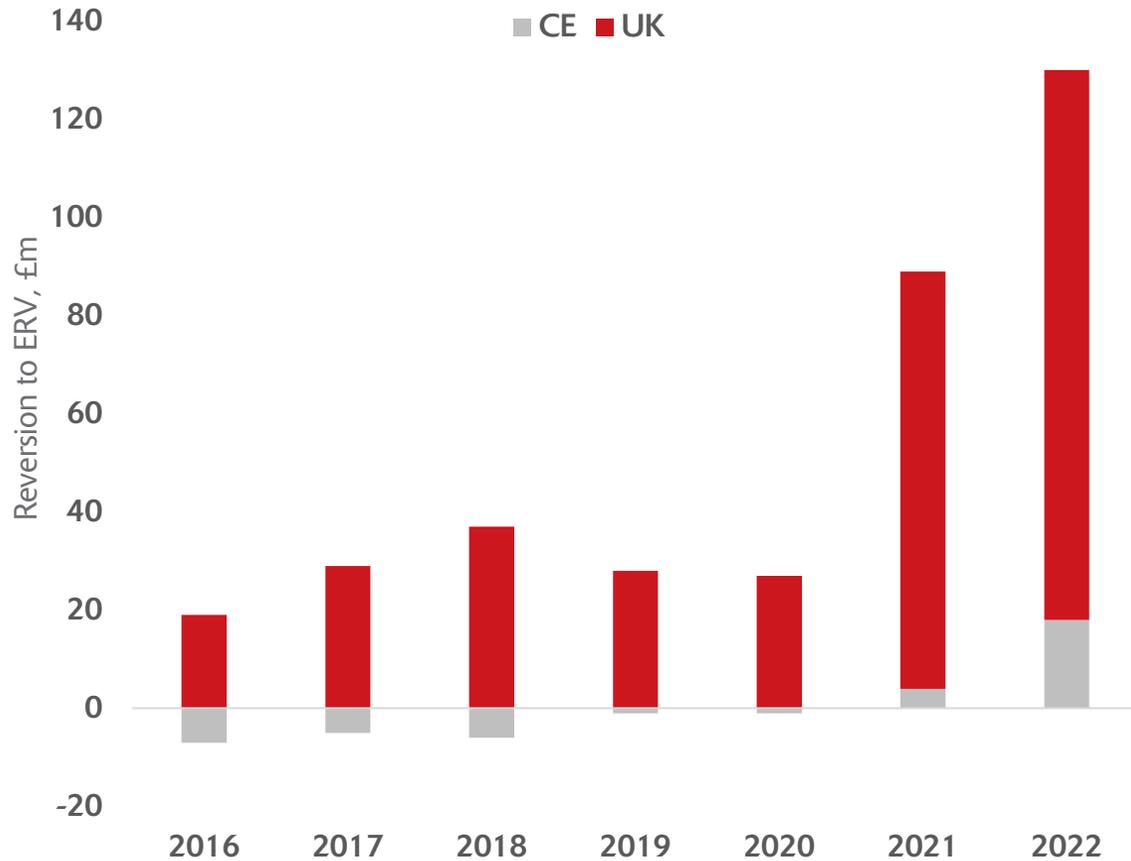


Low vacancy rate across all European markets<sup>2</sup>

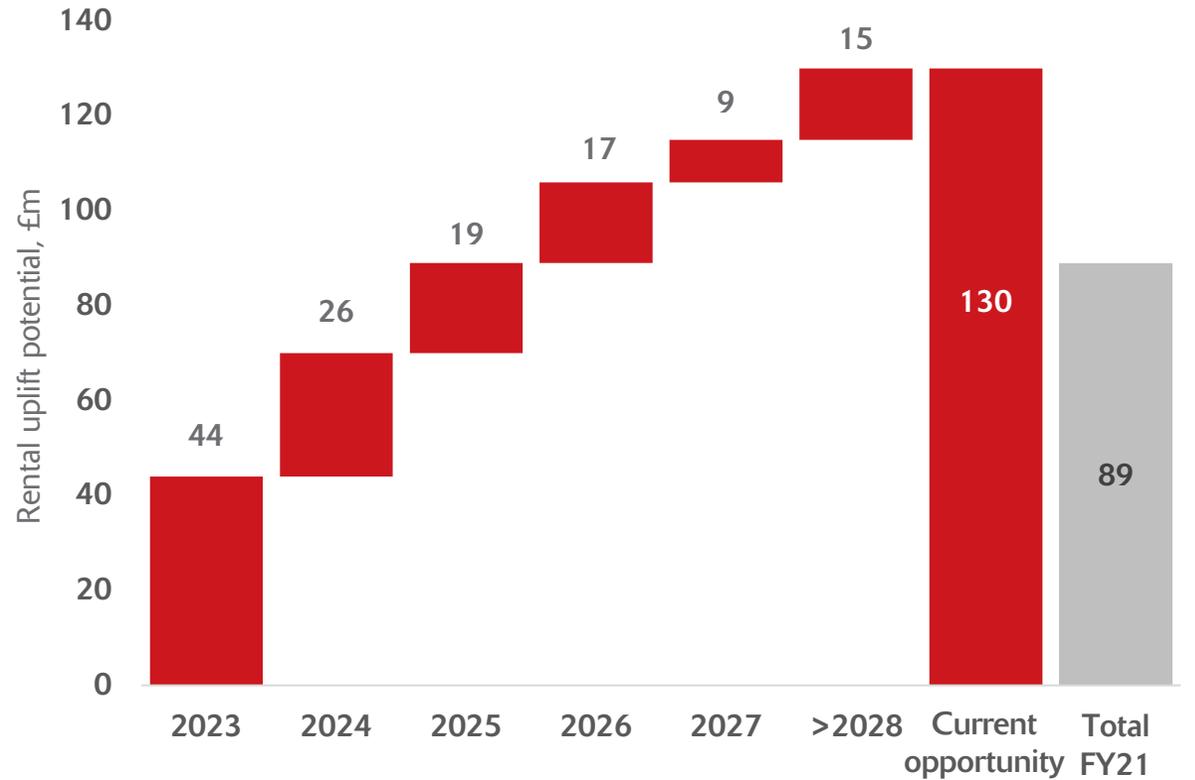


# SIGNIFICANT REVERSIONARY POTENTIAL TO BE CAPTURED

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



Lease event uplift opportunity<sup>1,2</sup>



# STRONG MARKET RENTAL GROWTH PROSPECTS

Property Type	Region	% of portfolio <sup>1</sup>	Demand conditions	Supply conditions	SEGRO 3 year average ERV growth	SEGRO ERV growth expectations
Urban warehouses	UK	53%	STRONG	LIMITED	11.7%	3-6% pa
	Continental Europe	14%	STRONG	LIMITED	5.2%	
Big box warehouses	UK	8%	STRONG	LIMITED	8.1%	2-4% pa
	Continental Europe	23%	STRONG	LIMITED	5.3%	

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



Potential annualised gross rent from current, near-term and future pipeline<sup>5</sup>, by asset type (£372 million at 31 December 2022)



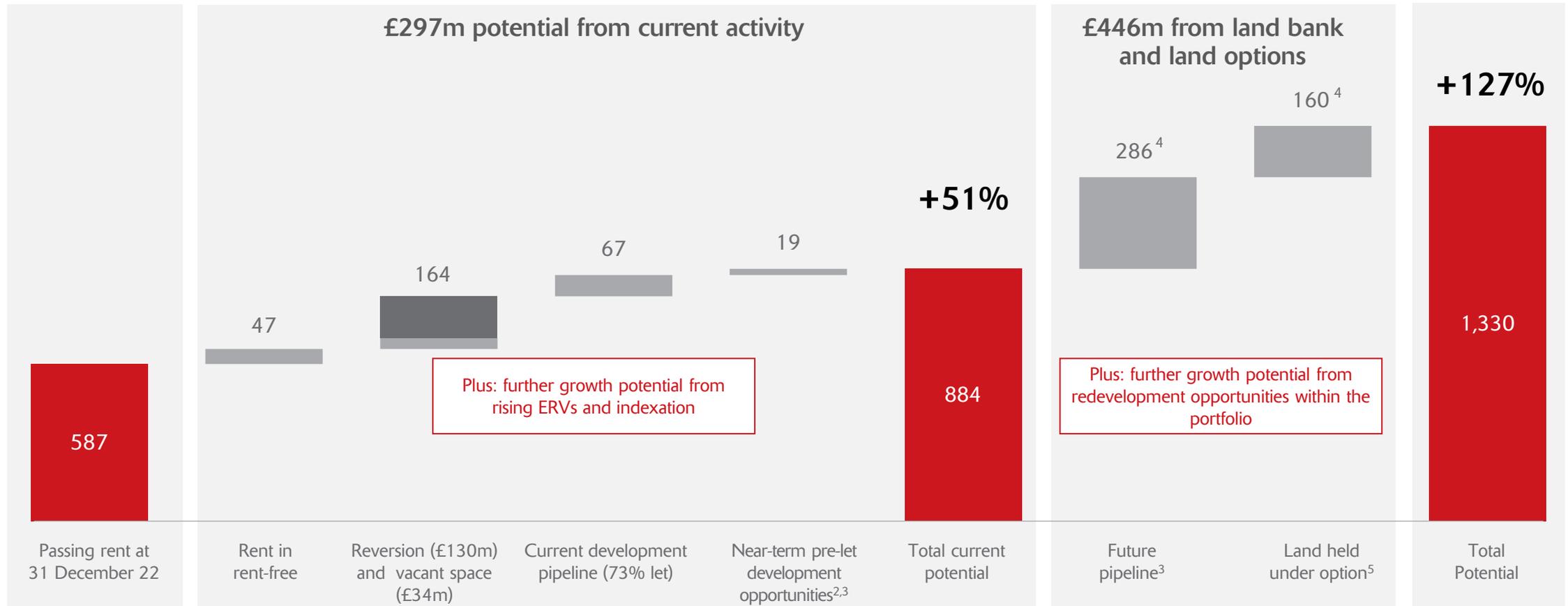
Development pipeline	Area (sq m)	Estimated cost to complete (£m)	Potential gross rent (£m)	Development yield <sup>3</sup>	Proportion pre-let	Expected delivery
Current	749,000	328 <sup>2</sup>	67	6.5%	73%	1-12 months
Near-term pre-lets <sup>1</sup>	166,600	179	19	6.9%	85%	12-18 months
Future <sup>1</sup>	3.3m	2,705	286	6.5%	-	1-7 years
<b>Total</b>	<b>4.2m</b>	<b>3,212</b>	<b>372</b>	<b>6.5%</b>	<b>-</b>	<b>1-10 years</b>
Optioned land <sup>4</sup>	c1.7m		c160		-	1-10 years

Potential annualised gross rent from current, near-term and future pipeline<sup>5</sup>, by region (£372 million at 31 December 2022)



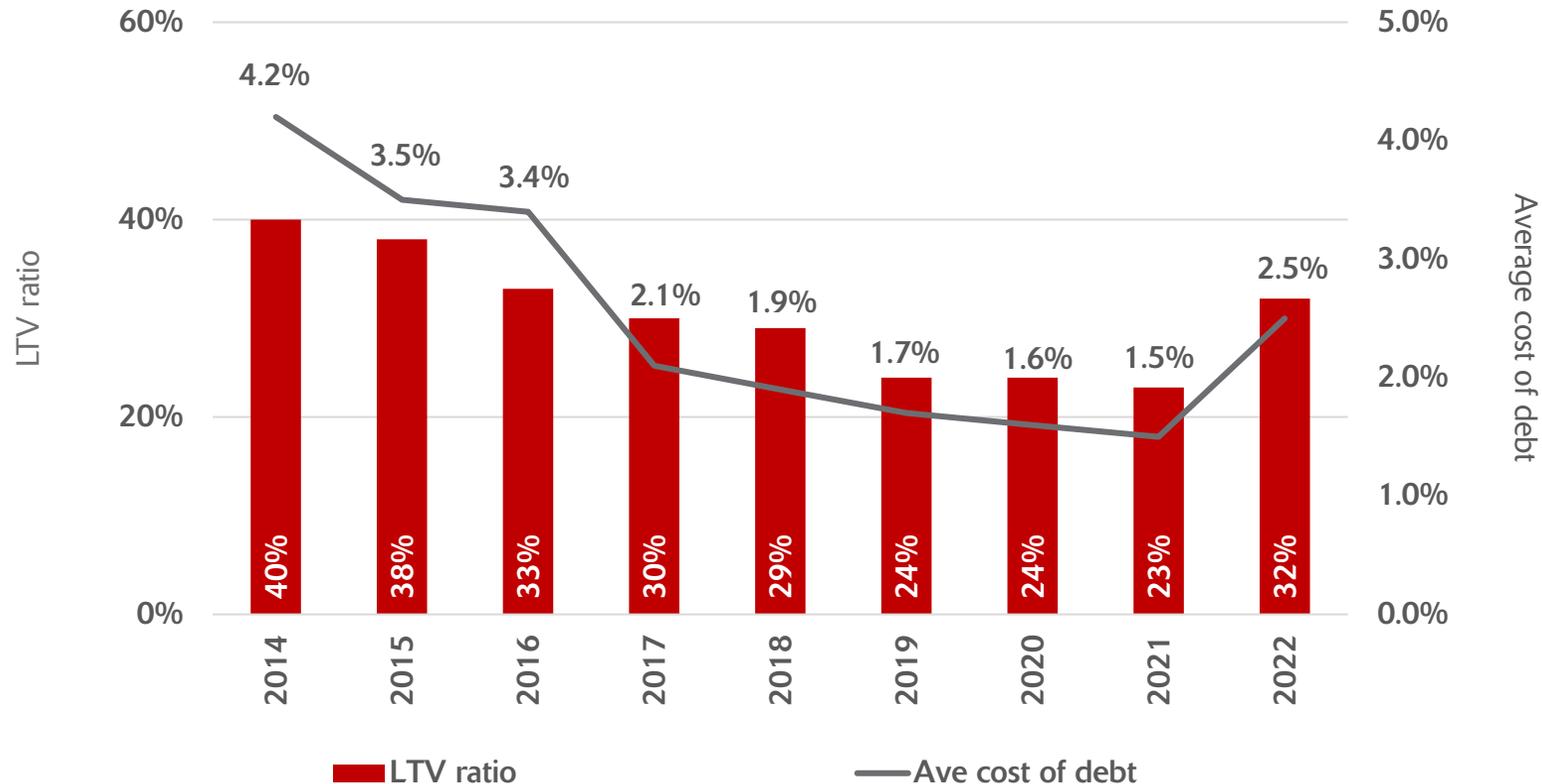
# POTENTIAL >£1.3 BILLION RENTAL INCOME

Annualised gross cash passing rent<sup>1</sup>, £ million  
(as at 31 December 2022)



# LOW AVERAGE COST OF DEBT AND HIGH LIQUIDITY

LTV ratio and average cost of debt  
(incl share of joint ventures), 2014-22



**Credit rating**  
A (Fitch senior unsecured)

**£2.2bn committed liquidity**  
cash and available bank facilities

**4.5x interest cover**

**Estimated development capex:**  
2023: >£600 million

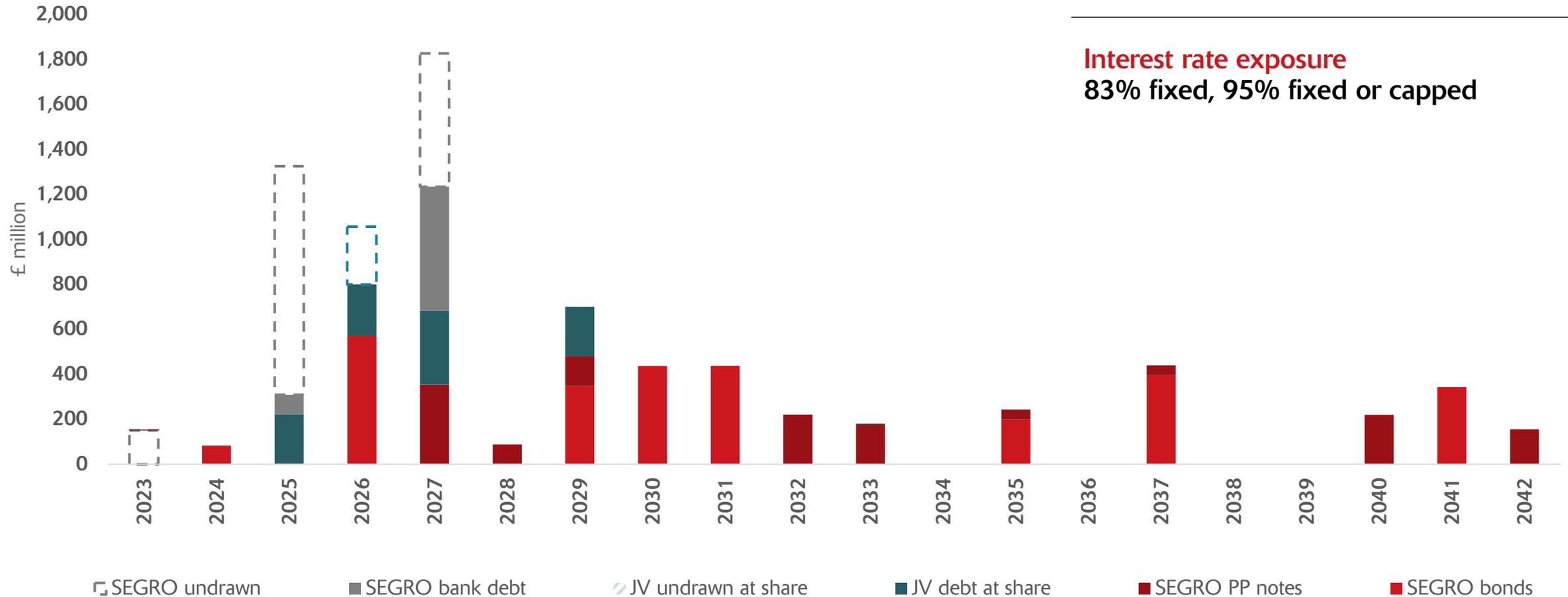
**Disposals run rate:**  
1-2% of GAV per annum

# NO NEAR TERM REFINANCING REQUIREMENTS

Debt maturity by type and year  
(as at 31 December 2022)

Debt maturity 8.6 years  
(FY21: 8.6 years)

Interest rate exposure  
83% fixed, 95% fixed or capped



# MEANINGFUL PROGRESS WITH RESPONSIBLE SEGRO



## CHAMPIONING LOW CARBON GROWTH

Green lease clauses to help us achieve our net zero-carbon goals

Increasing our solar capacity by retrofitting existing assets and installing on all new developments

Mandatory Sustainability Policy for all development projects

Using low carbon concrete alternatives and timber instead of steel



## INVESTING IN OUR COMMUNITIES AND LOCAL ENVIRONMENTS

Community Investment Plans

Employability training

Student mentoring

Volunteering days

UK living Wage Accreditation



## NURTURING TALENT

NES Accreditation

Management Academy  
Early careers recruitment

Diversity and inclusivity training  
#10,000 black interns programme

Wellbeing Fund  
Cost of living payment

# CONFIDENT OUTLOOK



SEGRO Park Cologne City, Germany

# APPENDIX

# STRONG FY22 FINANCIAL RESULTS

**£386m**

Adjusted profit before tax  
+8.4%

**31.0p**

Adjusted earnings per share<sup>1</sup>  
+6.5%

**26.3p**

Dividend per share  
+8.2%

**£17.9bn**

Portfolio valuation  
-11.0%<sup>2</sup>

**966p**

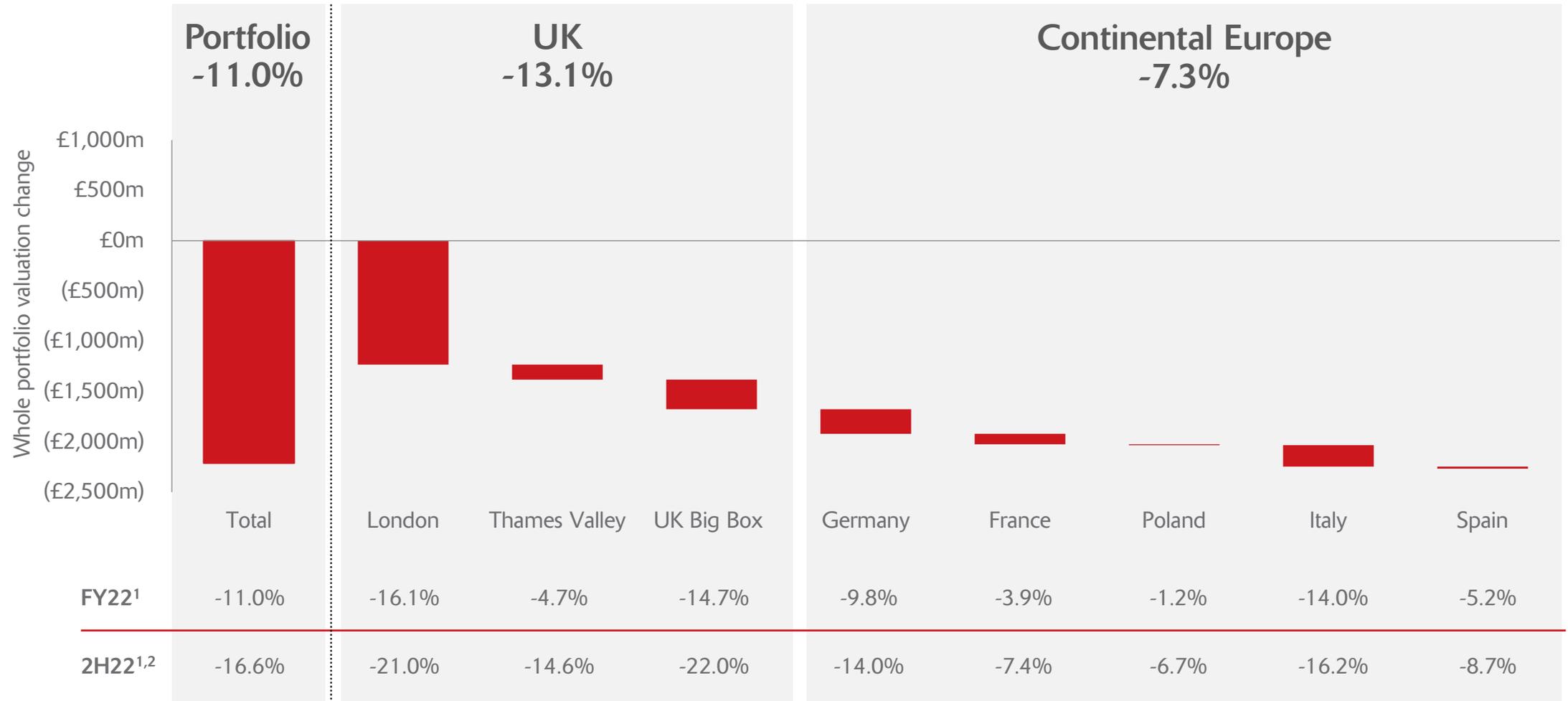
Adjusted NAV per share<sup>3</sup>  
-15.0%

**32%**

Loan to value

# VALUATION DECLINE DUE TO 2H22 YIELD EXPANSION

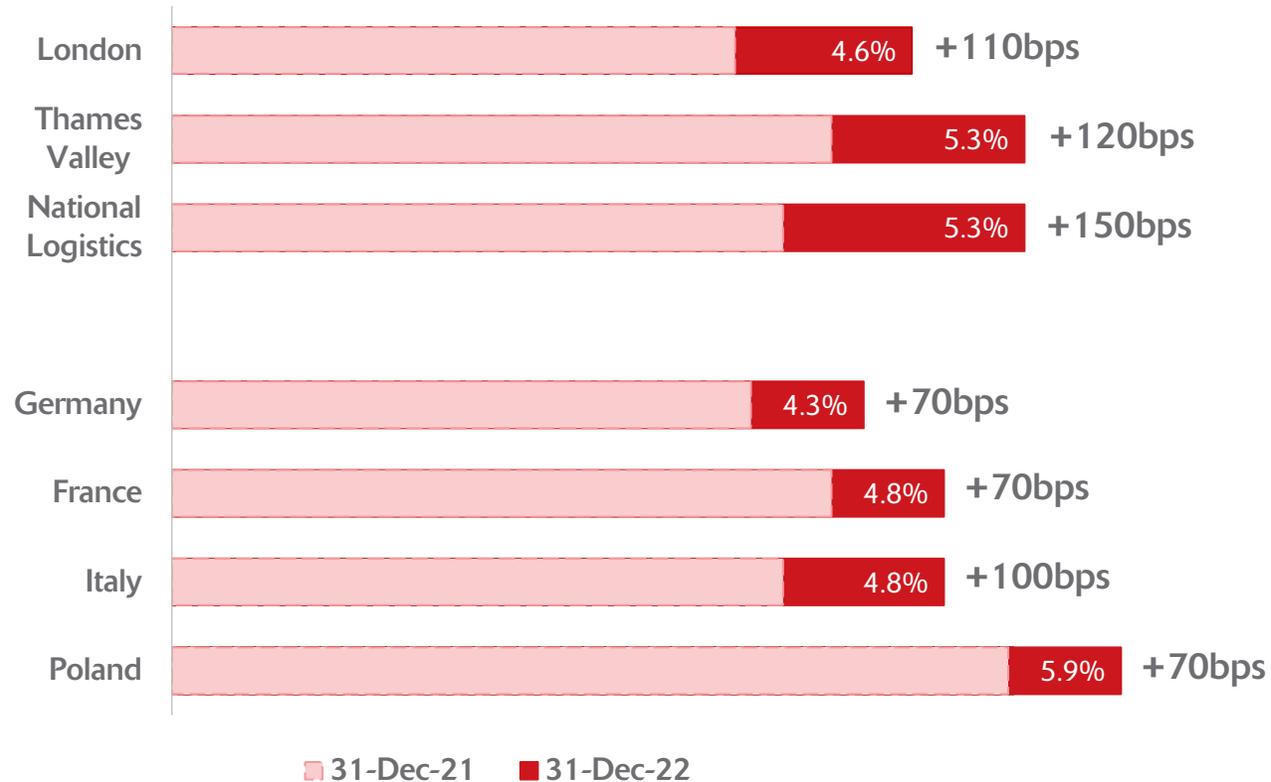
Portfolio value at 31 December 2022: £17.9 billion (at share)



# SEGRO PORTFOLIO YIELD AND RENTAL GROWTH PROFILE

Property yield<sup>1</sup>: 4.8%  
(+100bps)

ERV growth<sup>2</sup>: +10.9%

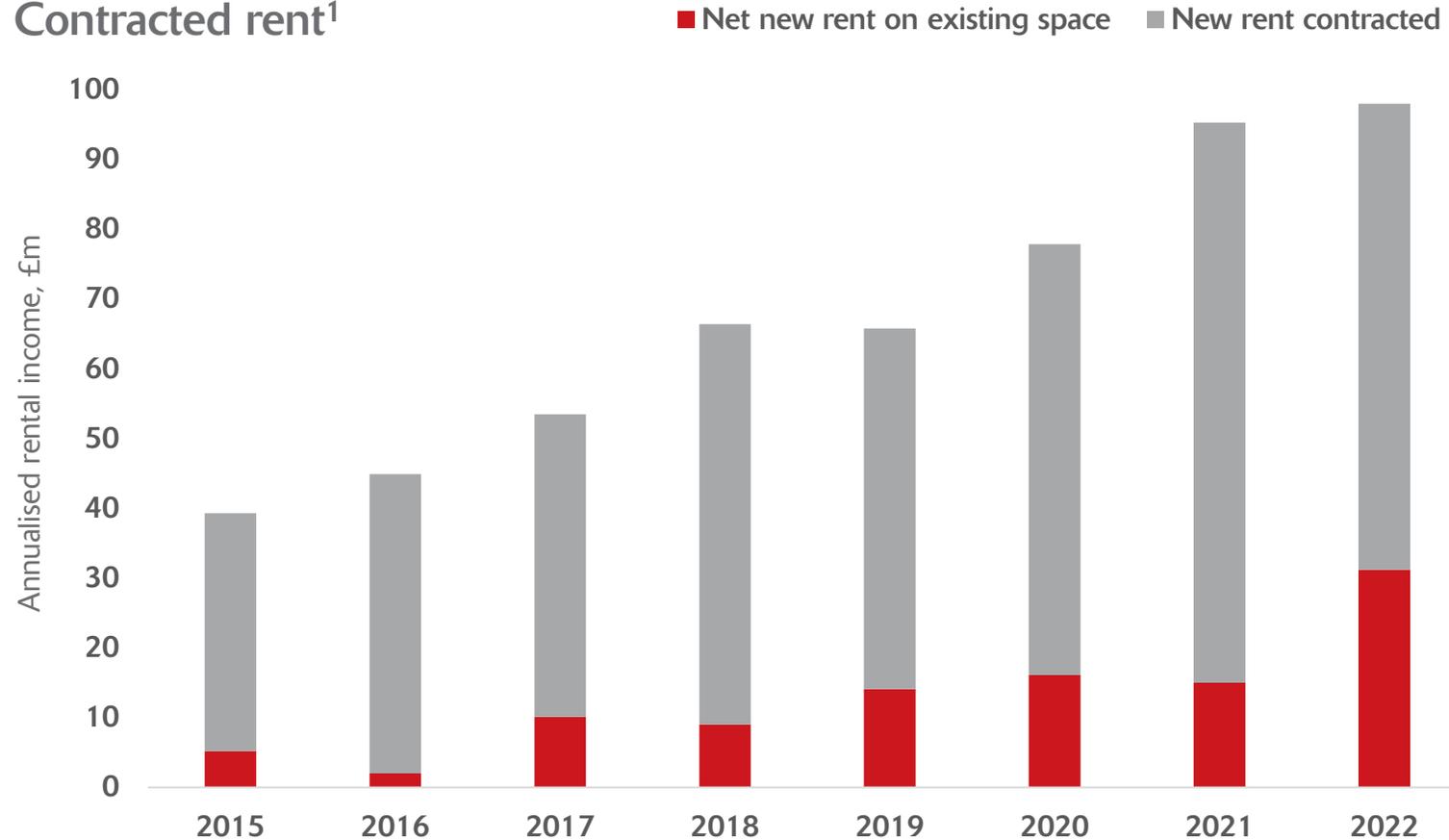


+10.3%	<b>UK:</b> +11.5%
+13.2%	
+14.1%	

+9.5%	<b>Cont. Eur:</b> +9.9%
+9.5%	
+6.5%	
+12.9%	

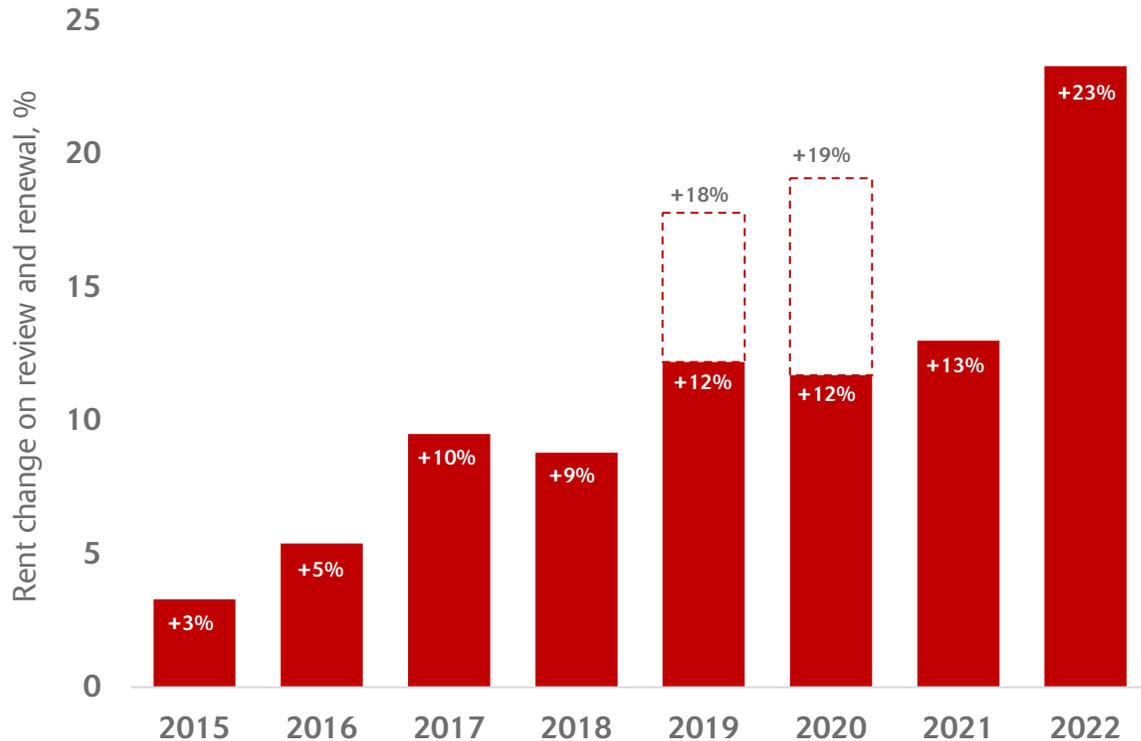
# STRONG, DEEP AND DIVERSE OCCUPIER DEMAND

## Contracted rent<sup>1</sup>

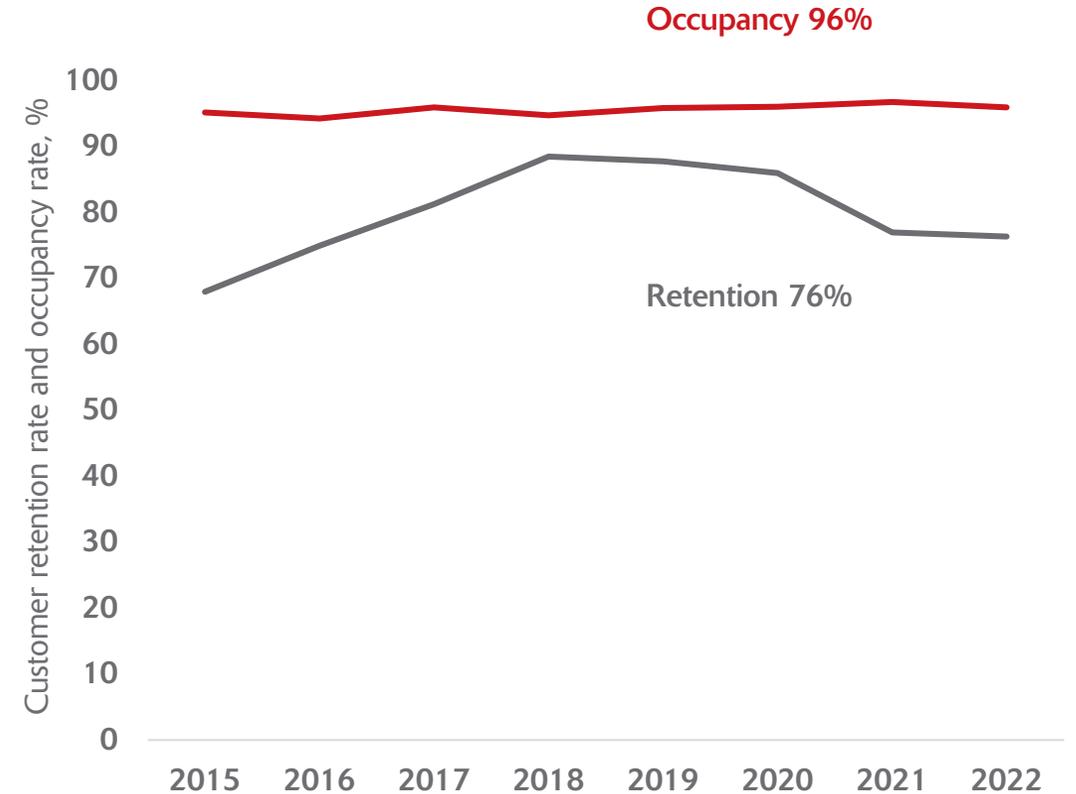


# PLATFORM DELIVERING STRONG OPERATING METRICS

Significant capture of reversion leading to record level of uplift from renewals and reviews<sup>1</sup>

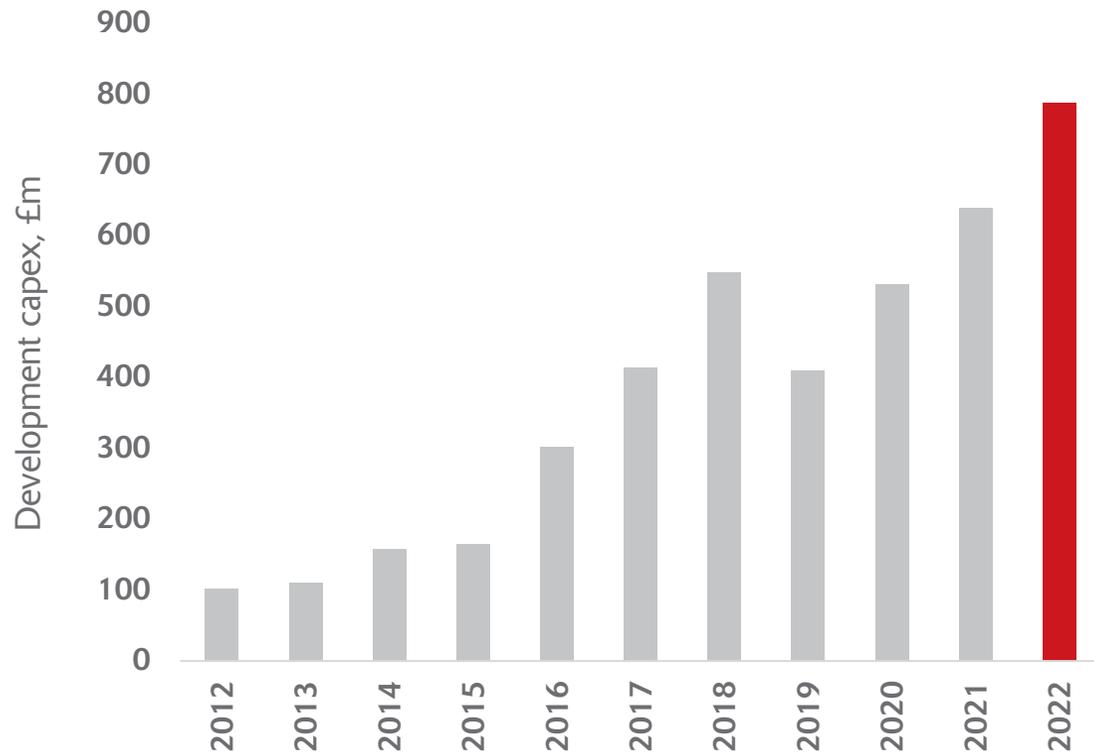


High levels of customer retention and occupancy<sup>2</sup>

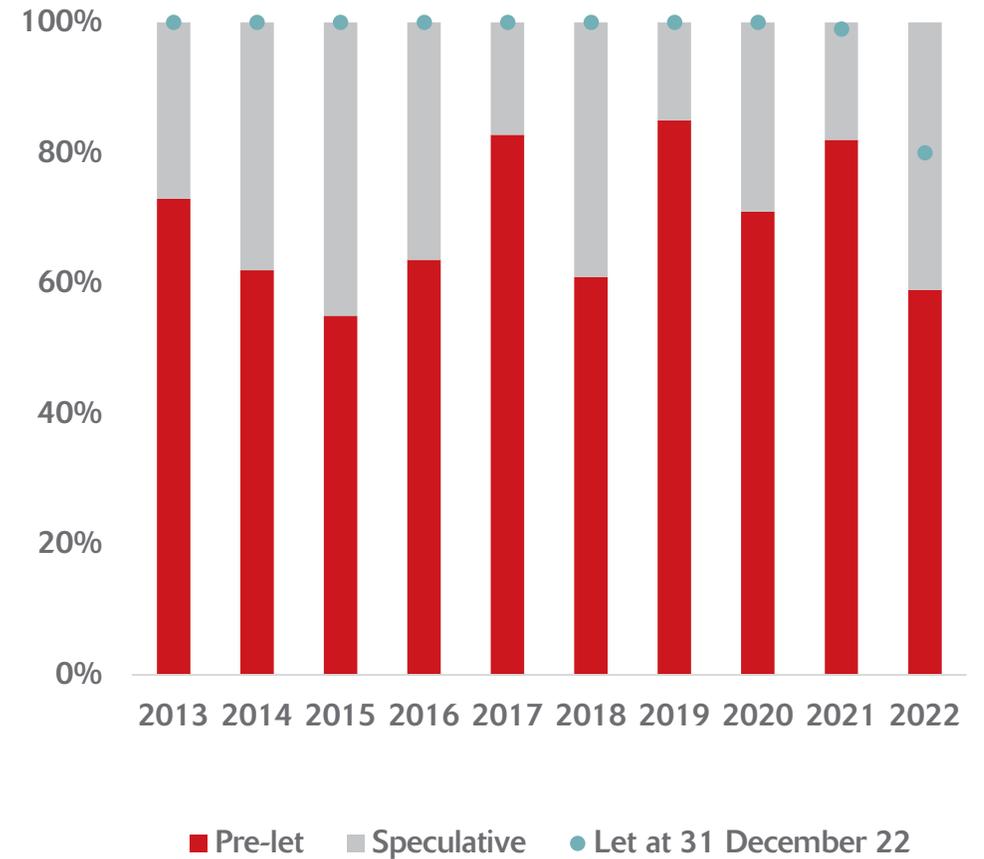


# ENHANCED, DE-RISKED DEVELOPMENT PROGRAMME

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

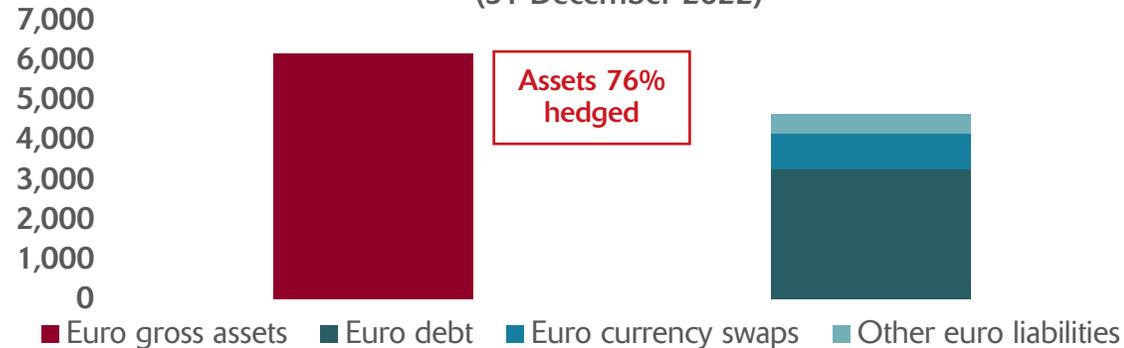


The majority of which is pre-let

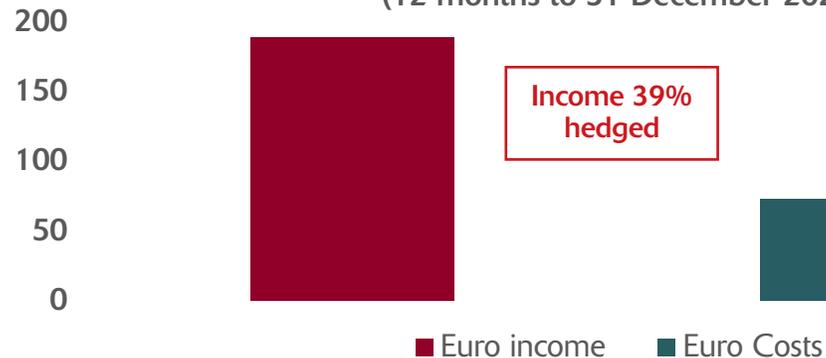


# EURO CURRENCY EXPOSURE AND HEDGING

Balance sheet, £m  
(31 December 2022)



Income Statement, £m  
(12 months to 31 December 2022)



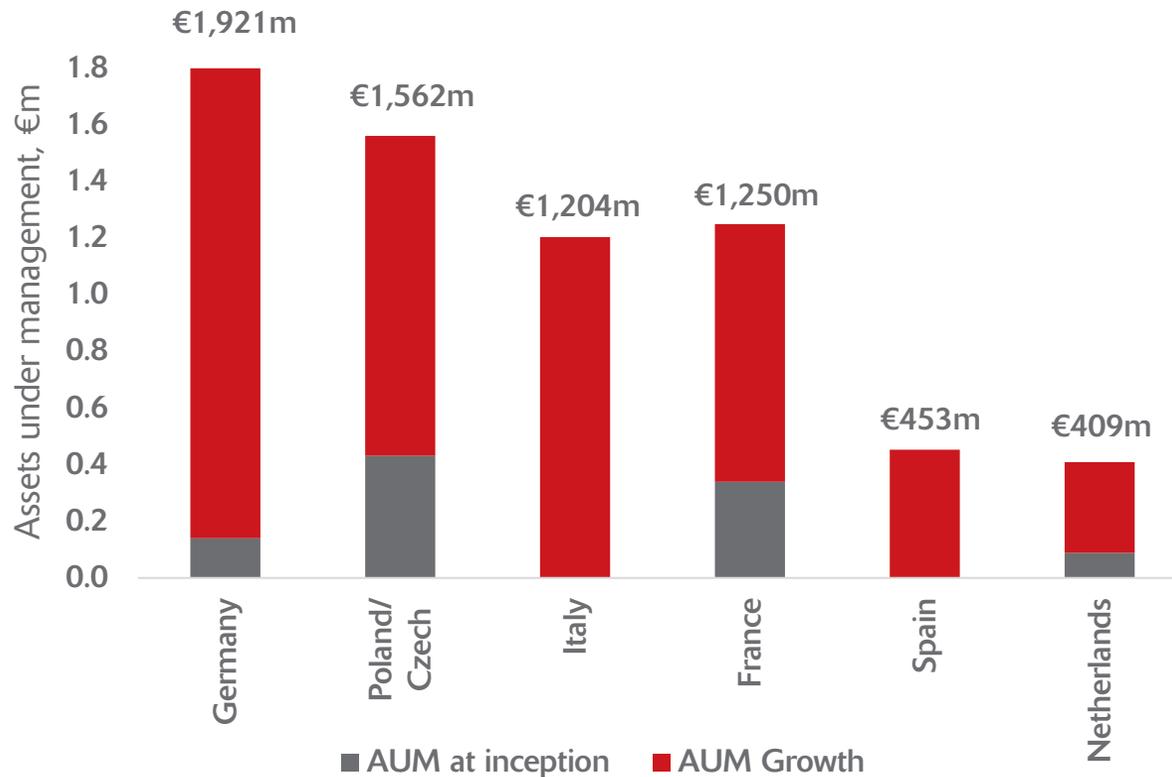
- €1.13:£1 as at 31 December 2022
- € assets 76% hedged by € liabilities
- €1.7bn (£1.5bn) of residual exposure – 13% of Group NAV
- Illustrative NAV sensitivity vs €1.13:
  - +5% (€1.19) = -£72m (-c.5.9p per share)
  - -5% (€1.07) = +£79m (+c.6.6p per share)

- Loan to Value (on look-through basis) at €1.13:£1 is 32%,
- Sensitivity vs €1.13:
  - +5% (€1.19) LTV -0.7%
  - -5% (€1.07) LTV +0.7%

- Average rate for 12 months to 31 December 2022 €1.17:£1
- € income 39% hedged by € expenditure (including interest)
- Net € income for the period €136m (£116m) – 31% of Group
- Illustrative annualised net income sensitivity versus €1.17
  - +5% (€1.23) = -£5.5m (c.0.5p per share)
  - -5% (€1.11) = +6.1m (c.0.5p per share)

# SEGRO EUROPEAN LOGISTICS PARTNERSHIP (SELP) HEADLINE FIGURES

Assets under Management  
(as at 31 December 2022)



Land and assets  
**€6.8bn**

Equivalent yield  
**4.8%**

Capital value change  
**-7.3%**

ERV growth  
**11.7%**

Headline rent  
**€313m**

ERV  
**€341m**

Occupancy rate  
**99%**

LTV ratio  
**33%**

# FORWARD-LOOKING STATEMENTS AND DISCLAIMER

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

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

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February 2023