

18 October 2023

## SEGRO plc

### Trading Update

SEGRO plc (“SEGRO” or the “Group”) today publishes a trading update for the period from 1 January 2023 to 17 October 2023<sup>1</sup>.

#### Summary

- SEGRO on track for a strong year of rent roll growth due to active asset management and demand for our high-quality product.
- Good progress with disposals, over £250 million completed or exchanged year to date, above book value.
- Prioritising profitable development opportunities with £77 million of potential rent from projects currently on site or expected to commence shortly at an anticipated yield on cost of 7.3 per cent.

#### David Sleath, Chief Executive, said:

“SEGRO’s prime portfolio and market-leading operating platform generated £58 million of new contracted rent so far in 2023, keeping us on track for a strong year of rent roll growth. Occupier market conditions remain supportive with demand in line with longer-term trends and supply constrained in our chosen sub-markets. This is resulting in continued rental growth, further increasing the reversionary potential in our existing portfolio, which we are capturing through our asset management and leasing activity.

“We have made good progress with disposals in recent months, although the overall volume of investment market transactions remains subdued due to the evolving macro-economic environment. Reassuringly, investors continue to hold conviction over the attractiveness of the sector, with market evidence from indices and recent transactions pointing to relatively stable asset values in the third quarter.

“In the current environment it is important to remain disciplined in our use of capital. We are prioritising attractive development opportunities on the land we already own, increasingly funding such investment from the proceeds of selective disposals, alongside driving performance and income growth from our existing portfolio of high-quality assets.”

#### Financial calendar

Full Year 2023 results will be published on Friday 16 February 2024.

<sup>1</sup>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, 30 September unless otherwise indicated. The exchange rate applied is €1.15:£1 as at 30 September 2023.

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

<sup>3</sup>Based on values as at 30 June 2023, adjusted for acquisitions, disposals and other capital expenditure during the third quarter.

**ACTIVE ASSET MANAGEMENT CAPTURING RENTAL GROWTH AND INCREASING THE RENT ROLL (see Appendix 1):**

Standing portfolio continues to contribute significantly to rent roll growth as we make good progress capturing reversion, benefit from indexation and sign leases with both new and existing customers. Customer retention remains high and occupancy is within our target range of 94 to 96 per cent.

Total new headline rent <sup>2</sup> signed (£m)		58	76
Pre-lets signed (£m)		23	36
Uplift on rent reviews and renewals (%)	Group	22	22
	UK	32	27
	CE	8	1
Occupancy rate (%)		95.3	96.7
Customer retention (%)		81	76

**INVESTMENT ACTIVITY REMAINS DISCIPLINED AND FOCUSED ON SECURING PROFITABLE GROWTH:**

Capital investment continues to focus on our development programme through capex and the acquisition of some rare land opportunities, funded increasingly by disposals. The £251 million of sales completed or exchanged so far in 2023 had attributable rental income of £8 million (annualised).

Development capex for 2023, including infrastructure, now expected to be in excess of £500 million (previously c.£600 million) with the residual capex expected to be incurred in 2024.

Development capex (£m)		381	532
Acquisitions (£m)		397	789
Disposals (£m), completed or exchanged		251	290

**EXECUTING AND GROWING OUR PROFITABLE DEVELOPMENT PIPELINE:**

Our active and largely pre-let development programme remains a key driver of rent roll growth and attractive returns on capital.

Development completions:			
– Space completed (sq m, at 100%)		432,800	419,100
– Potential rent (£m, at share) (Rent secured)		41 (85%)	20 (92%)
Current development pipeline potential rent (£m) (Rent secured)		68 (64%)	86 (64%)
Near-term development pipeline potential rent (£m)		9	32

**BALANCE SHEET****30 Sep 23** 30 June 23**LONG-TERM, DIVERSIFIED DEBT PROFILE PROVIDES CERTAINTY AND FLEXIBILITY**

We retain substantial liquidity, leverage remains stable and 89 per cent of our debt is fixed or capped. We have no material near-term refinancing requirements and a 7.2 year average debt maturity.

Net debt (£m)		6,200	6,078
Cost of debt (%)		3.0	2.9
LTV <sup>3</sup> (%)		34	34
Cash and available facilities (£m)		1,583	1,687

## Appendices

### 1. Leasing data for the period to 30 September (£m)<sup>1 2</sup>

		Q3 2023	Q3 2022	9M 2023	9M 2022
Take-up of existing space (A)	£m	3	5	10	15
Space returned <sup>2</sup> (B)	£m	(5)	(4)	(14)	(14)
<b>NET ABSORPTION OF EXISTING SPACE (A-B)</b>	<b>£m</b>	<b>(2)</b>	<b>1</b>	<b>(3)</b>	<b>1</b>
Other rental movements (rent reviews, renewals, indexation) (C)	£m	6	5	18	19
<b>RENT ROLL GROWTH FROM EXISTING SPACE</b>	<b>£m</b>	<b>4</b>	<b>6</b>	<b>15</b>	<b>20</b>
Take-up of developments completed in the period – pre-let space (D)	£m	11	2	33	13
Take-up of speculative developments completed in the past two years (E)	£m	1	4	7	9
<b>TOTAL TAKE UP (A+C+D+E)</b>	<b>£m</b>	<b>21</b>	<b>16</b>	<b>68</b>	<b>56</b>
Less take-up of pre-lets and speculative lettings signed in prior periods	£m	(11)	(4)	(33)	(16)
Pre-lets and lettings on speculative developments signed in the period for future delivery	£m	4	8	23	36
<b>RENTAL INCOME CONTRACTED IN THE PERIOD<sup>2</sup></b>	<b>£m</b>	<b>14</b>	<b>20</b>	<b>58</b>	<b>76</b>
Take-back of space for redevelopment	£m	-	(1)	(1)	(3)

<sup>1</sup> All figures reflect headline rent (annualised gross rental income, after the expiry of any rent-free periods), exchange rates as at 30 September and include joint ventures at share.

<sup>2</sup> Excluding space taken back for redevelopment.

### 2. SELP Performance Fee update

A performance fee is potentially payable by the SELP joint venture to SEGRO, based on SELP's internal rate of return since inception as at the vehicle's tenth anniversary, 11 October 2023, subject to certain hurdle rates. An independent valuation of the SELP portfolio is being carried out as part of the process to calculate this fee. SEGRO will announce the amount payable by SELP after the valuation has been concluded and the performance fee determined.

The performance fee will be excluded from SEGRO's FY 2023 Adjusted Profit (and Adjusted earnings) as announced with the HY 2023 results. For a sensitivity analysis of the performance fee please see Note 6 (ii) of SEGRO's HY 2023 Financial Statements.

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

## 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 10.3 million square metres of space (110 million square feet) valued at £21.0 billion as at 30 June 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.

Striving for the highest standards of innovation, sustainable business practices and enabling economic and societal prosperity underpins SEGRO's ambition to be the best property company.

See [www.SEGRO.com](http://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.

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