

20 April 2023

## SEGRO plc

### Trading Update

SEGRO plc (“SEGRO” or the “Group”) today publishes a trading update for the period from 1 January 2023 to 19 April 2023<sup>1</sup>.

#### Summary

- Occupier market dynamics remain favourable, supporting the delivery of strong rent roll growth during the quarter.
- Market data showing signs of stabilisation in industrial asset values.
- Strong balance sheet for continued investment to drive further growth in earnings and dividends.

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

“2023 has started well for SEGRO. Occupier demand continues to be high and is coming from a diverse range of customers, whilst supply remains limited across all our markets. These favourable dynamics, combined with the active asset management of our prime portfolio, have enabled us to drive strong rent roll growth from the leasing of recently completed space and the capture of reversion and indexation from our standing assets. We have also added to our profitable development pipeline through further pre-lets and have projects equivalent to £84 million of additional rent under construction or due to start shortly.

“Market data is showing signs of stabilisation in asset values, although investment activity remains subdued. This is most evident in the UK where the indices show that values are broadly flat over the first quarter, but also in Continental Europe, as supported by a valuation exercise relating to the SELP portfolio which indicated only a small decline in values during the first three months of the year.

“Despite wider uncertainty arising from recent events in the credit markets, we remain well positioned with significant liquidity, no near-term refinancing requirements and modest leverage. We have considerable capacity to continue investing in our portfolio in a disciplined manner and expect this to deliver further compound growth in earnings and dividends during 2023 and beyond.”

#### Financial calendar

Half Year 2023 results will be published on Thursday 27 July 2023.

<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, 31 March unless otherwise indicated. The exchange rate applied is €1.14:£1 as at 31 March 2023.

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

<sup>3</sup> SELP joint venture portfolio focuses on big box warehouses in Continental Europe.

<sup>4</sup> Q1 2022 comparator has been restated to exclude capitalised interest and other costs.

<sup>5</sup> Based on values as at 31 December 2022, adjusted for acquisitions, disposals and other capital expenditure during the first quarter.

<b>OPERATING SUMMARY &amp; KEY METRICS</b>	<b>Q1 2023</b>	<b>Q1 2022</b>
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**ACTIVE ASSET MANAGEMENT CAPTURING RENTAL GROWTH AND INCREASING THE RENT ROLL (see Appendix 1):**

Occupier demand remains strong and supply limited, which has supported our ability to let new space and grow rents in the standing portfolio through inflation-linked increases and capturing accumulated reversion in the portfolio. Occupancy and retention remain high.

Total new headline rent <sup>2</sup> signed during the period (£m)		24	25
Pre-lets signed during the period (£m)		9	11
Uplift on rent reviews and renewals (%)	Group	14	23
	UK	18	29
	CE	3	1
Occupancy rate (%)		95.7	96.7
Customer retention (%)		82	79

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

The majority of investment during the period was on our development programme with development capex for 2023, including infrastructure, still expected to be in excess of £600 million.

A desktop valuation of part of the SELP portfolio<sup>3</sup> at 31 March 2023 (see Appendix 2) estimated a value decline of approximately 2 per cent during the quarter. The CBRE UK Monthly Property index showed that capital values for UK industrial were flat during the same period.

Development capex (£m)		138	147 <sup>4</sup>
Acquisitions (£m)		130	175
Disposals (£m)		48	73

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

We completed a significant amount of space during the quarter, three-quarters of which is already let, and signed a further £9 million of pre-lets. Development remains highly profitable with a yield on cost in the current and near-term pipeline of 6.8 per cent (c.10 per cent yield on new money).

Development completions year-to-date:			
– Space completed (sq m, at 100%)		173,300	121,900
– Potential rent (£m, at share) (Rent secured)		11 (74%)	3 (100%)
Current development pipeline potential rent (£m) (Rent secured)		68 (73%)	73 (63%)
Near-term development pipeline potential rent (£m)		16	35

<b>BALANCE SHEET</b>	<b>31 Mar 23</b>	<b>31 Dec 22</b>
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**LONG-TERM, DIVERSIFIED DEBT PROFILE PROVIDES CERTAINTY AND FLEXIBILITY**

We retain substantial liquidity, leverage remains modest and 92 per cent of our debt is fixed or capped. We have no material near-term refinancing requirements and an 8.2 year average debt maturity.

Net debt (£bn)		5.9	5.7
Cost of debt (%)		2.7	2.5
LTV <sup>5</sup> (%)		33	32
Cash and available facilities (£bn)		2.0	2.2

## **Appendices**

### **1. Leasing data for the period to 31 March (£m)<sup>1 2</sup>**

	<b>Q1 2023</b>	<b>Q1 2022</b>
Take-up of existing space (A)	4	5
Space returned <sup>2</sup> (B)	(5)	(5)
<b>NET ABSORPTION OF EXISTING SPACE (A-B)</b>	<b>-1</b>	<b>-</b>
Other rental movements (rent reviews, renewals, indexation) (C)	7	7
<b>RENT ROLL GROWTH FROM EXISTING SPACE</b>	<b>6</b>	<b>7</b>
Take-up of developments completed in the period – pre-let space (D)	7	2
Take-up of speculative developments completed (E)	4	2
<b>TOTAL TAKE UP (A+C+D+E)</b>	<b>22</b>	<b>16</b>
Less take-up of pre-lets and speculative lettings signed in prior periods	(7)	(2)
Pre-lets and lettings on speculative developments signed in the period for future delivery	9	11
<b>RENTAL INCOME CONTRACTED IN THE PERIOD<sup>2</sup></b>	<b>24</b>	<b>25</b>
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 2023 and include joint ventures at share.*

*2 Excluding space taken back for redevelopment.*

### **2. SELP valuation methodology**

During the period, SELP requested that CBRE conduct a sample-based valuation of its portfolio as at 31 March 2023. The valuation was conducted on a desktop basis and on a representative sample of properties equating to approximately 63 per cent of SELP's portfolio fair value as at 31 December 2022, including developments and land.

The process concluded that the portfolio was expected to have declined in value by approximately 2 per cent during the three months to 31 March 2023, with an increase in the overall portfolio equivalent yield of approximately 20 basis points and a blended ERV growth of approximately 3 per cent.

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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).

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 9.9 million square metres of space (106 million square feet) valued at £20.9 billion as at 31 December 2022, 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.

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.